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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REPORT OF HEARINGS

[Ontario]

Vol. 5, Pt. 1-2

MAY 6 - 1938 — May 9, 1938

REPORTERS

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REPORT OF THE COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1881



REPORT OF THE COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1881

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TORONTO, ONTARIO, MAY 6, 1938.

REPRESENTATIONS BY GOVERNMENT
OF ONTARIO

	<u>Page</u>
HON. P. M. DEWAN, Minister of Agriculture	7852-7876
W. R. REEK, Deputy Minister of Agriculture	7852-7876
HON. M. M. MacBRIDE, Minister of Labour	7876-7884
HON. PAUL LEDUC, K.C., Minister of Mines	7884-7886
H. C. RICKABY, Provincial Geologist	7886-7889
DR. B. T. McGHIE, Deputy Minister of Health	7889-7909
H. D. McNAIRN, Superintendent of Insurance	7909-7923
HON. G. D. CONANT, K.C., Attorney-General	7923-7932 7963-7972
W. C. CAIN, Deputy Minister of Lands & Forests	7934-7943
D. W. LANG, Esq., K.C.	7943-7963

TORONTO, ONTARIO, MAY 6, 1938

LIST OF EXHIBITS

	<u>Page</u>
Exhibit No. 315: Estimated Crown lands in Northern Ontario	7874
Exhibit No. 316: Memorandum filed by Dept. of Labour	7884
Exhibit No. 317: Memorandum filed by Dept. of Mines	7889
Exhibit No. 318: Taxation statement of "X.Y.Z." mining co.	7889
Exhibit No. 319: Statement prepared by Provincial Dept. of Health as to work of Dominion & Provincial Depts. of Health	7897
Exhibit No. 320: Memorandum filed by Dept. of Health	7904
Exhibit No. 321: Memorandum filed by Insurance Dept.	7921
Exhibit No. 322: Memorandum with respect to Loan Companies and Trust corporations	7928
Exhibit No. 323: Conclusions of Government of Ontario with respect to insurance matters	7933
Exhibit No. 324: Memorandum with respect to Attorney-General's Dept.	7933
Exhibit No. 325: Memorandum filed by Dept. of Fisheries	7934
Exhibit No. 326: Memorandum from Office of Fire Marshall	7941
Exhibit No. 327: Memorandum filed by Dept. of Lands and Forests	7942
Exhibit No. 328: Second memorandum re Forestry	7943

TORONTO, ONTARIO, MAY 6, 1938.

TOPICAL INDEX

	<u>Page.</u>
<u>LANG, D.W., ESQ.</u> (Counsel for the Province of Ontario)	
THE CHAIRMAN: Re completion of Government's case	7849
Re proposal to reply in writing to questions submitted to Govern- ment	7850
Re statement by Mr. Coleman with respect to overlapping	7851
THE CHAIRMAN: Method of procedure in the submission of Departmental briefs	7852
<u>REEK, W.R., ESQ.</u> (Deputy Minister of Agriculture)	
THE CHAIRMAN: Work carried on by Dominion and provin- cial Departments of Agriculture	7853
Agricultural Repres- entatives	7853
Distinction between work at Ontario Agric- ultural College and work at other agricult- ural schools in Ontario	7854
Length of course at Nemptsville Agricultural School	7854
Re three months short courses in agriculture conducted in counties	7855
Weed Problem	7855
THE CHAIRMAN: Re weed problem	7855 7856
Seed cleaning plants	7856
Plant Diseases Act	7856
Dairying	7857

	<u>Page.</u>
<u>REEK, W.R., ESQ. (CONT'D.)</u>	
THE CHAIRMAN: Administration of Milk Control Act	7857 7858
Farm Products Control Act; organization of asparagus growers	7858
THE CHAIRMAN: Marketing Board legislation	7858
Farm Products Control Act	7858 7859
British Columbia marketing legislation	7859
Problem of animal nutrition in Ontario	7859
THE CHAIRMAN: Soil surveys in Ontario	7859
COMMISSIONER DAFOE: Exhaustion of certain elements in soil by cultivation	7860
COMMISSIONER MACKAY: Soil surveys conducted by Dominion Department of Agriculture	7864
COMMISSIONER ANGUS: Duplication of research and experimental work by provincial and Dominion Departments of Agriculture	7864 7865
Duplication in work of Experimental Farms	7865
THE CHAIRMAN: Number of experimental farms in Ontario	7866
Experimental farm at Hurst, Ont.	7866
Cooperation between Dominion and provincial Departments of Agricult- ure	7867
COMMISSIONER MaKAY: Dominion financial assistance to agricult- ure	7867
THE CHAIRMAN: Cooperative organizat- ions in Ontario	7867

REEK, W.R., ESQ. (CONT'D.)

THE CHAIRMAN:

Cooperative organizations for the marketing of grain in Ontario

7868

Cooperative organizations for marketing of tobacco

7868

7869

Spread of the cooperative movement in Ontario

7869

Activities of Dominion Department of Agriculture in Ontario

7869

Dominion experimental farms in Ontario

7870

Northern Ontario land suitable for settlement

7870

7871

COMMISSIONER MACKAY:

Soil surveys conducted in Northern Ontario

7870

7871

Pulp concessions in Northern Ontario

7871

THE CHAIRMAN:

The Clay Belt in Northern Ontario

7872

MR. ST. LAURENT:

Examination of Mr. Reek on the relations between Dominion and provincial Departments of Agriculture

7872

COMMISSIONER MACKAY:

Efficiency of present system of concurrent jurisdiction over agriculture

7873

Technical Agriculturists

7873

DEWAN, HON. P.M. (Minister of Agriculture)

The question of overlapping of work of Dominion and provincial Departments of Agriculture

7875

COMMISSIONER MACKAY:

As to whether it would be preferable for the Dominion to have control of marketing, including grading

7875

MacBRIDE, HON. M.M. (Minister of Labour)

Cooperation between
provincial and Dominion
Departments of
Labour

7876
7881

THE CHAIRMAN:
Advantages of a
uniform minimum wage
standard throughout
Canada

7882

COMMISSIONER ANGUS:
Overlapping between
Dominion and province
in settlement of
industrial disputes

7883

LEDUC, HON. PAUL (Minister of Mines)

Statement dealing
with income of
"X.Y.Z." Mine

7884

RICKABY, H.C., ESQ. (Provincial Geologist,
Ontario Department of Mines)

COMMISSIONER MACKAY:
Work of Federal Geological Survey Department in Ontario

7886

THE CHAIRMAN:
Efficiency of Ontario
survey work being
carried out by one
Department

7886

Dominion and provincial
survey parties

7887

COMMISSIONER MACKAY:
Performance by the
province of survey
work at present carried
on by Dominion

7887

COMMISSIONER DAFOE:
Organization of Federal
Geological Survey
Department

7887

COMMISSIONER MACKAY:
Assay work performed
for Ontario by
Dominion

7888

MR. ST. LAURENT:

Examination of
Mr. Rickaby

7888

McGHIE, DR. B.T. (Deputy Minister of Health)

THE CHAIRMAN:
Distinction between
work of Dominion and
provincial Departments
of Health in Ontario

7889

McGHIE, DR. B.T., (CONT'D.)

Work of Dominion Department of Pensions and National Health	7890
Federal grants-in-aid for venereal disease	7893
THE CHAIRMAN: Leper colonies	7893
Soldiers' Civil Reestablishment	7893
Work of provincial Department of Health	7893
THE CHAIRMAN: Efficiency of municipal unit for health administrat- ion	7894
Combining of municipal units for health admin- istration	7894
THE CHAIRMAN: Willingness of mun- icipalities to est- ablish larger units for health adminis- tration	7895
COMMISSIONER DAFOE: Adequacy of Dominion supervision of Indians in Ontario	7895
Conference of Directors of Tuberculosis Preven- tion at Ottawa	7895
COMMISSIONER ANGUS: Hospitaliz ation for Indians	7895
Control of poisons	
Control of narcotics	7897
Maintenance of insane convicts	7898
Interprovincial respon- sibility for hospital- ization	7899
THE CHAIRMAN: Canadian Council of Health	7899
Health insurance	7900- 7902
COMMISSIONER MACKAY: Meetings of Canadian Council of Health	7902

McGHIE, DR. B.T. (CONT'D.)

COMMISSIONER ANGUS:
Re statement that a
definite percentage of
taxes collected should
be earmarked for health
purposes

7903
7904

MR. ST. LAURENT:

Examination of
Dr. McGhie

7904-
7906

Federal grants for
health to provinces

7904

THE CHAIRMAN:
Re committment of
insane criminals to
asylums

7907-
7909

McNAIRN, H.D., ESQ. (Superintendent of Insurance)

MR. ST. LAURENT:

Examination of
Mr. McNairn on the
work of the provincial
Department of Insurance

7909

Companies requiring
assistance and super-
vision of Department
of Insurance

7909

Licensing of Insurance
Companies by the prov-
ince

7913

Duplication of work of
Federal and provincial
Departments of Insurance

7914
7915

THE CHAIRMAN:
Regulation of rates
of insurance

7916

Duplication in auditing
by Federal and provin-
cial Departments of
Insurance

7917

Estimate of combined
annual expenditure of all
provincial insurance
departments

7920

THE CHAIRMAN:
Re Dominion juris-
diction over insurance
companies

7921

Representations made
by Life Officers Assoc-
iation re Dominion jur-
isdiction over insurance
companies

7921
7922

Licensing of agents
and forms of insurance
contracts

7922

McNAIRN, H.D., ESQ. (CONT'D.)

THE CHAIRMAN:

Advantages of Dominion registration to insurance companies

7922

Provincial control over insurance companies registered with the Dominion

7922

7923

Representations made made in other provinces with respect to duplication of expense involved in establishment of provincial insurance departments

7924

MR. ST. LAURENT:

Examination of Mr. McNairn with respect to supervision of loan companies and trust corporations

7925-
7928CONANT, HON. G.D., K.C., (Attorney-General of Ontario)

Administration of justice

7928

THE CHAIRMAN:

Overlapping in connection with enforcement of federal revenue laws in the province

7929

Federal laws enforced by federal police in the province

7930

Narcotic Drug laws

7930

Re proposed centralized police force for Canada

7931

COMMISSIONER MACKAY:

Dual control of policing in Ontario

7931

7932

Conclusions of Government of Ontario with respect to insurance matters

7932

7933

THE CHAIRMAN:

Re fisheries in Ontario

7934

CAIN, W.C., ESQ. (Deputy Minister of Lands and Forests)

Re unoccupied available agricultural lands in northern Ontario

7934

CAIN, W.C., ESQ. (CONT'D.)

THE CHAIRMAN:

Agricultural Crown
lands near existing
settlements

7935

Question of unoccup-
ied agricultural lands
raised in western
provinces

7936

Settlement of Crown
lands in northern
Ontario

7936

Probabilities of increas-
ed agricultural settle-
ment in northern
Ontario

7937

Soil surveys of agric-
ultural areas in
northern Ontario

7937

Success of farmers
in newer agricultural
areas of northern
Ontario

7937

Settlement in neighb-
ourhood of Hearst, Ont.

7938

Affect upon settlement
of cessation of traffic
on Grand Trunk Pacific

7938

Extent of Clay Belt

7938

Reforestation

7939

7940

Reductions allowed for
fencing of timber areas
under Assessment Act

7941

Natural reforestation

7941

COMMISSIONER MACKAY:

Re overlapping between
Dominion and provincial
forest services

7941

7942

LANG, D.W., ESQ. (Counsel for the Province
of Ontario)

Social and economic
background of Canada

7943

Problems which, although
apparently similar, are
revealed upon examin-
ation to be fundamen-
tally different in each
of the various provinces 7944

LANG, D.W., ESQ. (CONT'D.)

THE CHAIRMAN: Percentage of persons receiving old age pensions in indust- rial provinces	7944
Nature and purpose of Canadian federalism	7945
THE CHAIRMAN: Lord Haldane on "federalism"	7946
Case of Edwards v. Attorney-General of Canada; quotation from Lord Sankey	7947
THE CHAIRMAN: Re the phrase "Ind- ependent and autonom- ous"	7947 7948
THE CHAIRMAN: Re quotation from Bank of Toronto v. Lambe	7948 7949
Sub-section 3 of Section 7 of the Stat- ute of Westminster	7949
Aeronautics Case; state- ment by Lord Sankey	7950
Statement by Mr. Edwards, Deputy Minister of Justice	7951
THE CHAIRMAN: Rural depopulation of Ontario during early 1900's	7953
COMMISSIONER DAFOE: Migration from Ont- ario to United States in latter part of nineteenth century	7935A
Migration from Ont- ario to Canadian west	7953A 7954
Constitutional basis of the Division of Powers	7955
Statement by Sir Montague Smith (Par- sons Case)	7956
Attorney-General for Ontario v Attorney- General for Canada (1912) Appeal cases	7956 7957

<u>LANG, D.W., ESQ. (CONT'D.)</u>	<u>Page.</u>
THE CHAIRMAN: Re section 91 of the B.N.A. Act	7958
Change in Introduct- ory Clause of B.N.A. Act	7959
Re difficulty of determining whether certain taxes direct or indirect	7959
COMMISSIONER DAFOE: Re John Stuart Mill	
THE CHAIRMAN: Re validity of provin- cial taxes; gasoline taxes, etc.,	7960
Quotation from Prof. Maxwell	7961
COMMISSIONER ANGUS: The word "premature"	7962
Re quotation from Australian Grants Commission	7962
<u>CONANT, HON. G.A.,</u> (Attorney-General of Ontario)	
Quotation from speech by Lord Watson in 1892	7963 7964
Desirability of a clear definition of direct and indirect taxes	7965
Invasion of field of direct taxation by Federal Government	7966
THE CHAIRMAN: Re statement that "power to tax is power to destroy"	7968
That the field of direct taxation should be restored to Ontario	7969
THE CHAIRMAN: Expression of thanks.	7970
Statement of Lord Haldane in the case of Attorney-General for Australia v. Colonial Sugar Refin- ing Company	7971

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

TORONTO, ONTARIO, MAY 6, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Parliament Buildings, Toronto, Ontario, on Friday, May 6, 1938, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
)	
JOHN W. DAFOE, Esq.)	Commissioners
)	
DR. ROBERT ALEXANDER MacKAY)	
)	
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

Louis S. St. Laurent, K. C.

Secretariat:

Adjutor Savard, Esq.	Acting Secretary
R. M. Fowler, Esq.	Legal Secretary to
	The Chairman
Wilfrid Eggleston, Esq.	Assistant to the
	Secretary

FOR THE GOVERNMENT OF ONTARIO:

Hon. C. D. Conant, K.C.	Attorney-General
Hon. Eric W. B. Cross, K.C.	Minister of Municipal Affairs
Hon. Paul Leduc, K.C.	Minister of Mines
Hon. P.M. Dewar	Minister of Agriculture
Hon. M.M. MacBride	Minister of Labour
Chester Walters, Esq.	Comptroller of Finance
	Deputy Provincial Treasurer
Professor K.W. Taylor	Counsel
D. W. Lang, Esq., K.C.	Assistant Counsel
Joseph Rosenfeld, Esq.	Deputy Minister of Agriculture
W. R. Reek, Esq.	Provincial Geologist
H. C. Rickaby, Esq.	Deputy Minister of Health
Dr. R. T. M. Ghie	Supt. of Insurance
H. D. McNairn, Esq.	Deputy Minister of Lands
W. C. Cain, Esq.	And forests.

Parliament Buildings,
Toronto, Ontario,
May 6th., 1938.

MORNING SESSION

The Commission met at 10.30 A.M.

THE CHAIRMAN: I understand, Mr. Lang, you desire to go on with the deputies?

MR. LANG: Yes, Mr. Chairman, if that is agreeable. We thought as a matter of convenience possibly to the departments concerned, by fixing them for this morning, we might be sure of getting on.

THE CHAIRMAN: Yes.

MR. LANG: Originally I had considered that we would complete our statement and then, in answer to your request, have these Departments discussed. But, as I say, we are just pushing it in the centre, as it were, largely as a matter of convenience.

THE CHAIRMAN: Yes. Then, would it be your view that we should complete the Government's statement this afternoon?

MR. LANG: Yes, my Lord, as soon as we finish with the departmental business, if it suits the Commission.

THE CHAIRMAN: The only difficulty is a personal one. I do not know; it is possible I may have to sit in the Court of Appeal Monday to constitute a Court of Five to hear the Manchuck murder appeal. I am going to try to make other arrangements if possible. I would certainly like to be here when the government completes its case in respect to the government and for the purpose of having the benefit of personally hearing it and, if there is any discussion, of taking part in it. If it would be convenient for the Government to complete its case this afternoon it would avoid any difficulty. Of course, if I can be free for Monday it will be all right on Monday,

but I am not sure yet. At the present time I am booked for Monday in the Court of Appeal.

MR. LANG: I feel that will not be necessary, your Lordship. The Attorney-General has asked me to deal with the three subjects at the beginning of Book 2, which are still to be dealt with, and I feel they will not take long. After that the Attorney-General will finish the statement for the province. I am hoping we can finish today.

THE CHAIRMAN: Then when would it suit Mr. Hepburn's convenience, or whatever member of the Government is to deal with the questions, to do so.

MR. LANG: Possibly the Attorney-General might answer that.

HON. MR. CONANT: Mr. Chairman, in glancing over the questions to which you refer, they involve some very important and rather broad matters of policy, and we really do not see how we can deal with them otherwise than as a matter of council, because some of them particularly involve general policy. I make the suggestion, Mr. Chairman, that we will deal with them as soon as we possibly can, and make our submissions to them in writing, which can be placed in your hands at the earliest possible date. I do not see how we can do otherwise, because up to the present time, and in fact until we are through with these deliberations, it would be impossible to deal with them as a council. And, as I repeat, we feel that many of these matters would have to be so disposed of.

THE CHAIRMAN: There is no doubt there are a number of quite important matters there. I drew the matter to the attention of Mr. Lang, I think, about a month or six weeks ago, and said that questions of this character we would like answered, referring to the questions submitted to Alberta and British Columbia. I had hoped that we might have the

answers while here, from this standpoint, Mr. Conant: A written answer, of course, gives one a statement, but often one desires to supplement it by certain questions, and discussion just as we have found here, one question leads to another, and in a discussion backward and forward a great deal of light is thrown on the whole question and one gets more help than one does from simply written answers. But, we have to consult the Government's convenience in the matter and if they cannot be answered at the present time, we will have to take the answers when you have them, Mr. Conant.

HON. MR. CONANT: I am very sorry, Mr. Chairman, but you will probably appreciate that quite a few members of the government have been rather strenuously engaged in this matter and we have not been able, it has simply been physically impossible, to do better than we have done.

THE CHAIRMAN: Yes. Then, we will start with the Departments.

MR. LANG: Agriculture is the first one. Before we go on with that, Mr. Chairman, I submitted a list to the Commission a few days ago as to the Departments likely affected, and on that list was the Department of the Provincial Secretary, in regard to companies. Mr. Johns, the Assistant Provincial Secretary, has referred me to a statement made to your Commission by Mr. Coleman in Ottawa in regard to companies, overlapping and so on, and he indicates that Mr. Coleman's statement covers the situation satisfactorily and he has nothing to add.

THE CHAIRMAN: He fully agrees with Mr. Coleman's statement?

MR. LANG: He agrees with Mr. Coleman. And with reference to the Securities Acts to which Mr. Coleman refers, I have submitted that to the Securities Commissioner here and he says he has nothing to add, and it seems to

state the situation. So I think that disposes of the company aspect of it.

THE CHAIRMAN: Are there any questions, or does that cover it satisfactorily, Mr. St. Laurent?

MR. ST. LAURENT: No, Mr. Chairman, I think that covers it satisfactorily. Mr. Coleman had stated that the Committee was making very satisfactory progress.

THE CHAIRMAN: Thank you, Mr. Lang.

MR. LANG: Then, I have filed a memorandum in regard to the Department of Agriculture. The Hon. Mr. Dewan, the Minister, is here this morning and Mr. Reek, the Deputy. I should be glad to have any suggestion as to how you wish to have this dealt with.

THE CHAIRMAN: The usual procedure has been this, Mr. Lang, and it is for the government to say whether the Minister or the Deputy should do it. In most cases it has been the Deputy who filed the statement that had been prepared as an Exhibit. He gave a brief general outline of the work for the purpose of the record, and for the Commission, so that if any question arises in that regard which the Commissioners or Counsel may wish to ask, they may do so. We have found that a very convenient method of procedure, -- to file the printed record as an Exhibit and then have a brief statement of the work.

MR. LANG: Then, the Honourable Mr. Dewan may wish to deal with this statement, or his Deputy may wish to deal with it. Whatever you wish, Mr. Dewan.

HON. MR. DEWAN: I would prefer, Mr. Chairman, that the Deputy would deal with it and I would be glad to follow up with any questions that might be asked.

THE CHAIRMAN: Thank you very much.

MR. LANG: Mr. Reek, the Deputy Minister, would you give a general statement as to the material filed by you? You do not need to read it, you understand, but a general statement in regard to it.

THE CHAIRMAN: Just a brief summary, so we have a picture of it, without going into the detail, in the statement.

MR. REEK: Of the work of the Department, Mr. Chairman?

THE CHAIRMAN: Yes.

MR. REEK: Perhaps to introduce this subject may I start, it is rather backward, sir, with the question to which we have given a good deal of consideration, and that is the relation between the federal and provincial departments?

THE CHAIRMAN: Yes.

MR. REEK: That can be pretty well disposed of by one statement and it is that the work in agriculture in the province, as between the two departments, is practically all coordinated. Generally, at the present time there is really no duplication of effort.

THE CHAIRMAN: Would you, in a few words, tell us the work carried on by each of these Departments?

MR. REEK: The provincial department takes care of, in the first place, educational work, such as the work at the Ontario Agricultural College, the Kemptville Agricultural School, the Ridgetown School and through the agricultural representatives. That is, the extension men who carry back to the farmers the findings of our experimental men and our research men in our institutions.

THE CHAIRMAN: Have you one of those in every county?

MR. REEK: We have an agricultural representative in every county except two or three, with an established office. In the districts of the north there are four or five men, in the north, not one to a county. They are the men who carry back what the research men and the experimental men discover.

Now, those findings, by the research men and the

experimental men in the two departments, they work closely together by meeting once or twice a year, so that when the information is given out there is no one to come along and dispute any of the findings; so that the extension men are at liberty to make definite statements.

Now, in our work in livestock, it is very largely the enforcement of certain acts, such as the Stallion Enrolment and Brands Act, and also education work regarding the production of products particularly for export market, such as bacon and hams. And the assistance given to the Federal Department are health matters such as cleaning up T.B. and educational work regarding Bang's Disease, Mastodosis, and so forth.

THE CHAIRMAN: What is the distinction between the work at Guelph and the work at Ridgetown and the other schools. I know there is a fundamental distinction, but just outline it.

MR. REEK: The work at Guelph principally leads to a degree. It is a four year course and leads to a degree. The work at Kemptville and Ridgetown just covers what you might term a good practical education for a farmer who is going to operate a farm.

THE CHAIRMAN: How long is the course at Kemptville?

MR. REEK: Two winter terms, the same at Ridgetown, and the course at Guelph is four years, with an additional course of two years which is comparable to the course at Kemptville for people who are going back on the farms.

THE CHAIRMAN: So you have three schools in which you do in fact give this practical teaching suitable for a young man who wants to operate a farm?

MR. REEK: Yes, three definite schools. Then, in addition to those schools we hold in every county, every winter, a month's short course, or some choose to hold a

three months' course. The three months' short course is somewhat equivalent in a degree to the course given at Kemptville and Ridgetown.

THE CHAIRMAN: Would those courses be conducted by members of the staffs of the schools?

MR. REEK: No, they are special men who are engaged because the staffs of the schools are busy with their own classes at that time.

The three months' course and the months' course are under the direction of our agricultural representatives immediately, whereas the others are under the direction of the heads of the institutions. That is pretty largely the educational work side of it, except the Women's Institute work, which comes under our department. They carry on the work somewhat similarly, a short course of two weeks, one week, sometimes longer, and their courses are becoming more and more of a practical nature. They are giving a good deal of attention to ways and means of helping a young woman to make a living, if necessary, but particularly training the young woman to go back to the home, whether on the farm or in the city. That is what they are concentrating on, that is the idea behind the Womens Institute educational programme.

Then, we have a weed problem which is administered by our Weeds and Seeds Branch. Twenty five years ago the farmers themselves took care of the weeds on the roadsides and on their farms. Today in order to have that done it is necessary to pass legislation and pretty nearly enforce the Act.

THE CHAIRMAN: Pretty nearly. I know from some observations in certain sections of the country it is not wholly in force, even yet.

MR. REEK: That is one of the most difficult Acts we have to enforce, and we are attacking it through creating

a favourable public opinion. I think that is about the only way to induce or to get people to carry out the provisions of this Act and protect themselves.

THE CHAIRMAN: Of course, it is most unfair to the farmer who is trying to keep his farm clean that his neighbour should let his farm become infested with weeds.

MR. DEEK: That is, perhaps, one of the most difficult problems with which we have to deal right there. We are getting very good cooperation from the Highways Department in spraying roadsides and also from municipal councils. We have inspectors appointed by municipal councils which are more or less satisfactory. Some of them are particularly good, others are practically useless. But, we are getting gradually better cooperation all the time.

That same Department also looks after our seed cleaning plants. We have over 70 in the province established for the express purpose of giving the farmers facilities for cleaning up seed grain; perhaps one of the most popular moves we have made in the seed grain line in this province.

Under the fruit branch we have a Plant Diseases Act to enforce very largely and that is, in some cases, in cooperation with the Federal people. Take the vegetables and fruit which is being exhibited for sale in our stores and offered for sale by wholesalers, on the streets and in trucks. Through cooperation between the two Departments in this way, the Dominion has a group of inspectors who could not operate due to certain legal matters which came up in 1935, and the provincial people had to pass new legislation, so we use those Dominion inspectors and at the present time are endeavouring to protect the public in their purchases of all sorts of fruit and vegetables.

We have the corn borer which comes under the same Department, of interest particularly in Prince Edward Island and southwestern Ontario, and is, to some degree, in

the same classification as weeds, very, very difficult to enforce the Act, to get a reasonably good enforcement.

In dairying we are principally interested in keeping up the quality of the product which will find a ready market in Great Britain. That is our greatest interest, I believe, and there perhaps we have been as successful as any country in the world in that line. Principally in the export of cheese from Ontario; we have a very high grading, a very high rating, and I feel we are perhaps as near perfection as we can get. We have got the standards where it is very difficult to keep up to them from year to year. Butter, we are farther behind. Manitoba leads us there. But, we are hoping through cooperation with the farmer, the producer and the manufacturer, to remedy that situation. It is not going to be a government remedy, except a government induced remedy. We are going to ask the people to do it themselves. I think they are willing to cooperate.

Under the Milk Control Act we more or less arbitrate between the distributor and the producer of fluid milk, and have something to do with the price that is paid in the various cities and towns of this province for fluid milk.

THE CHAIRMAN: I judge by the reports in the press from time to time that that is not wholly an easy and comfortable job.

MR. REEK: No, and it is also a question as to whether it is a government's job. I think that is quite easily raised also. But, there is this feature about it, that it has brought a group of producers together in a better way than ever before, and perhaps that is one of the things which is going to be of more value in this province in the next twenty-five years than anything else.

THE CHAIRMAN: Under that Act, as I understand it,

whether it is under the Act or it is governed by the Producers' Association, the amount which each farmer can supply day by day is fixed, and he cannot supply beyond that.

MR. REEK: He can supply beyond that but not at the fluid milk price. He then gets out on a manufacturing basis. But, he must supply a minimum, in order to ensure the supply. That is more or less by agreement, not under the Act.

Under the Farm Products Control Act which has been amended this last session, we are endeavouring to assist people to take a larger control of their own business. For instance the asparagus growers have become organized and just this past week they have been able to arrive at a price for their product with the processors, the canning companies. They are endeavouring to do that in several lines, tomatoes particularly.

THE CHAIRMAN: Is that on the principle of the Marketing Board legislation where a certain percentage decide on the basis and price, then the minority is governed by that?

MR. REEK: That is, so far as price is concerned where the product is delivered to one of those processing companies. It is provincial legislation in this case, sir. And there are two or three features about it. As soon as a producer goes into business he begins to realize the value of quality and we find the producer is operating in a better way, it is going to be of tremendous value in the future if the producer is permitted to sit in, to have something to say about the selling of his product. It is one of the most important things we have on the Department's programme at the present time.

THE CHAIRMAN: You said that legislation was passed this year, did you?

MR. REEK: It was amended this year.

THE CHAIRMAN: How long has it been in force?

MR. REEK: Just two years,--the previous session.

It was brought into the provincial legislature due to the situation at Ottawa, when their Act was declared ultra vires. The cheese men are also operating under the same Act. It is not perfect yet by any means but it is working towards perfection.

THE CHAIRMAN: We had a good deal of discussion in British Columbia about their marketing legislation. Can you tell us off-hand whether yours is along similar lines or on different lines?

MR. REEK: Similar lines. We have not gone quite as far as the British Columbia people have as yet, but the principles underlying the two acts are the same.

In research, which is carried on principally at the colleges, like the Ontario Agricultural College, we are attacking the soil problems, animal nutrition problems, dairy problems, apiculture problems, the feeding of livestock and also the storage of fruits. Those are the principal projects we have under way. And I might say that the animal nutrition problem is more or less of a new one in this province, that is, the necessity apparently is just coming to our attention in the last few years, and we have just established that. The man who is taking charge of it has been interested in that kind of work. That is one of our major problems, animal nutrition, due to deficiencies in our soils very largely perhaps. We are not sure of it, but it has all the appearance of that, that the Ontario soil is wearing out. So that through our soil work and through our animal nutrition work we hope to offset the deficiency before we lose too much money.

THE CHAIRMAN: How extensive has the soil survey been?

MR. REEK: We have soil maps, I think, in seven counties now, and some other counties have been surveyed but not charted yet.

COMMISSIONER DAFOE: You find that cultivation has taken certain qualities, phosphorus for instance, out of the soil?

MR. REEK: Yes, that is right, and we have got just to the point now where it is beginning to show itself, in the nutrition of the animals, just the last two or three years. It has shown itself in investigation work in eastern Ontario, where the percentage of fat has gone down in the milk all through the east in the last twenty years, and of course, that was never noted until some of these other things came up, and it would appear that perhaps that is the root of that problem, but it is not too late to rectify it and our soil chemists are working very hard at the present time to meet that situation, simply meeting the requests from individual farmers.

THE CHAIRMAN: That is very interesting.

MR. REEKS: I think we are going to be able, in fact I am sure we are going to be able to meet that situation before it becomes too serious in the province, through those two branches.

(Page 7864 follows)

COMMISSIONER MacKAY: Is the Ottawa department doing any research along the same lines? They are cooperating with your experimental farms, as it were, has the Ottawa department done any soil survey work?

MR. REEK: Not in certain field crops. This work is done in this manner; about two months ago a meeting was held by the Ottawa and provincial men and the summer work was outlined. The federal men outlined the assistance which they would be able to give use, and the federal people are not entering the field.

COMMISSIONER ANGUS: I notice on page two, you say that both departments, both provincial and Dominion are admirably equipped to carry on the work of this nature. With these two developed systems and institutions, it would be an easy matter to duplicate any research or experimental work, but you go on to say that you do not do it.

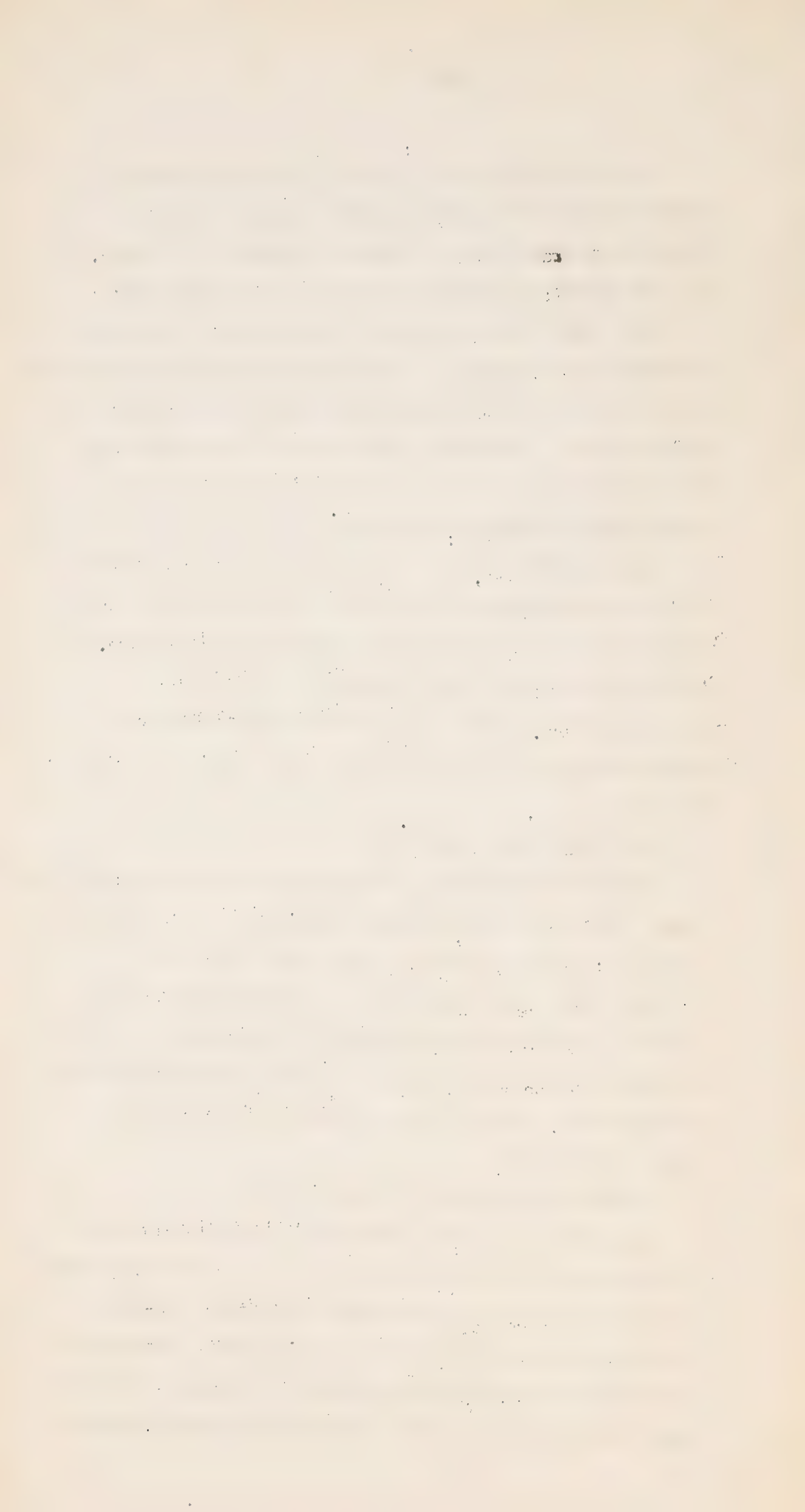
MR. REEK: No, we do not.

COMMISSIONER ANGUS: But does this question arise; have you two sets of equipment, where one, if it were used to duplicate all the work, could do all the work?

MR. REEK: You see, there is another factor which enters. We have a certain amount of equipment at Guelph college, which is practically necessary due to the large student body. We use this equipment in our research work, very largely.

COMMISSIONER ANGUS: I mean Ottawa.

MR. REEK: I cannot speak as to how much equipment Ottawa has of a similar nature to ours. Ottawa does carry on some work in some of the other provinces, simply because the other provinces are not equipped. Consequently, there might be a slight duplication of equipment at the head office at Ottawa with that which we have at Guelph.



Ottawa recognizes our man is the outstanding man in this field and Ottawa cooperates with him.

COMMISSIONER ANGUS: Am I stressing too much that it could be duplicated, does that imply that there is duplication?

MR. REEK: There are the methods there if we wanted to duplicate, it would be easy to do it.

COMMISSIONER ANGUS: You have the plant which could duplicate, is not that duplication when either of the plants could do the work?

MR. REEK: It is not altogether a question of plant-- a plant only costs about \$25 or \$30.

COMMISSIONER ANGUS: I am referring to the experimental farms.

MR. REEK: Oh, the experimental farms. In answer to your question, in southwestern Ontario, there are two, and in the Niagara district we have one. In the Niagara district, it is a fruit experimental farm, altogether and the federal Department of Agriculture, instead of duplicating by purchasing a farm, erected a building on the provincial farm. This houses the plant pathologist and entymologist on the provincial farm close to the provincial men who do none of that work, so there is no duplication of plant there. In southwestern Ontario, there is a working agreement as to the amount of work each farm will do in order to avoid duplication.

COMMISSIONER ANGUS: And each plant is working to capacity, is it?

MR. REEK: Yes, very largely. So far as either plant or work is concerned, there is no duplication in either of these places. I might say this, insofar as duplication between federal and provincial departments is concerned, it has been overcome, very largely due to the recognition

on the part of the men that there is so much work to be done and only so much money with which to do it. The men believe it is only foolish for one man to try to go out and duplicate the efforts of another.

THE CHAIRMAN: What other experimental farms have you? You have mentioned two in western Ontario, one in the Niagara peninsula, what other farms have you in Ontario?

MR. REEK: We have a farm in connection with the college at Guelph which is one of the oldest. Then, there is the farm at Kempville, in connection with the school. It is not an experimental farm, it is just a demonstration station and it is used for distribution purposes. There is another farm located at New Liskeard which will be a partial experimental farm. It is also used for distribution purposes. Then, there is another farm at Hearst which is used for distribution purposes.

THE CHAIRMAN: Was it not used for a time in experimental work to test out what could be produced in that northern part of the province?

MR. REEK: The Hearst farm, to a very small degree because the federal Kapuskasing farm is near at hand to meet that situation. The New Liskeard farm will be used for that purpose to a degree, because it is in a different setting to the farm at Kapuskasing.

So far as research work is concerned, by agreement, largely depending upon whether the Ontario government has an outstanding man in a certain type of work--in that case, the federal officers support him--or whether the federal government has an outstanding man, and in that case, the Ontario officers support him.

THE CHAIRMAN: You are a very happy family.

MR. REEK: We get along very well, I must admit.

THE CHAIRMAN: I must say that we have found, wherever we have been, that there seems to be harmonious relations between the federal and provincial Departments of Agriculture.

HON. MR. DEWAN: That is characteristic of those engaged in agriculture, Mr. Chairman.

MR. REEK: I think it is a credit to the federal officials because they have more money to spend. In the last fifteen or twenty years, the federal officials have been very anxious to cooperate, rather than to duplicate.

COMMISSIONER MacKAY: You used the word "support". Do you support the federal officials or do the federal officials support you? What do you mean, give financial assistance?

MR. REEK: It is only the Dominion which gives financial assistance.

COMMISSIONER MacKAY: You do not give financial assistance?

MR. REEK: No, we give moral support and information. The financial assistance just goes one way.

There is not a great deal more to be said except that there are certain services which we render in organization work. In marketing organization the work will largely be assistance given to people who wish to organize co-operative associations. This assistance will be largely the type of assistance which will prevent them from going wrong, get them organized well in the first place and after having them organized keep them steady and see that they do not reach out too fast. In the past, that has been the reason for a great many failures.

THE CHAIRMAN: How far have cooperative organizations been established in the province?

MR. REEK: I cannot answer that definitely, but I would say between forty and fifty.

THE CHAIRMAN: Both purchasing and selling organizations?

MR. REEK: Yes, some both and some either.

THE CHAIRMAN: Are these cooperative organizations in any special line of agricultural production or do they cover the whole range? They do not cover grain, so they do not cover the whole range.

HON. MR. DEWAN: A great majority of them are engaged in some form of farm supplies, there are a few separate cooperative organizations for the purpose of marketing, almost exclusively .

THE CHAIRMAN: Mr. Dewan, in selling farm supplies, what class of farm supplies would they sell? It would not be in the marketing of grain, you have no cooperatives for the marketing of grain, have you?

HON. MR. DEWAN: About the only ones engaged in the marketing of grain are a few in the Kent and Essex peninsula. There are many successful cooperative organizations which do good work. Insofar as the marketing of grain is concerned, you can understand that when you come further east, most of the farmers are buyers of grain rather than sellers of grain.

THE CHAIRMAN: Of course, the tobacco industry has a cooperative organization, has it not, for the marketing of tobacco?

MR. REEK: The people themselves have organized their own associations in both cases, both the burley and flue-cured tobacco. It is not purely a cooperative proposition; I think they are formed into an organization whereby they control the acreage.

THE CHAIRMAN: It is under your Marketing Control Act,

is it not?

MR. REEK: They are not operating under the Control Act at the present time. They did organize under the federal Act and then after that was declared void, they organized voluntarily.

At the present time they are not operating under any Act excepting the province of Ontario's Act which is on the statute books and no doubt assists in keeping the organization alive. However, it is purely a voluntary organization. The organization controls the acreage and then they sit in with the companies and agree on a price.

THE CHAIRMAN: Is the cooperative movement spreading in the province?

MR. REEK: Yes, I presume the latest figures would show--I have not seen them--at least one-half of the people on the farms are dealing with cooperatives in some form. I believe those figures are true for the whole of Canada. We have requests every week for assistance in some kind of cooperative endeavour.

The other line of departmental work is with the juniors. The junior work is very largely a matter of education through junior farm clubs. It is an attempt to keep the boys and girls on the farms interested in livestock, grains, vegetables and so on. It does work out very well and there are several hundred clubs. Fine cooperation is received from the senior organizations and the Departments of Agriculture throughout. Assistance is also received from business houses, such as the packers.

THE CHAIRMAN: Would you tell us what the Dominion Department of Agriculture is doing in this province?

MR. REEK: The Dominion has to do, altogether, with inspection where the goods are entering interprovincial or export trade. The Dominion takes care of the export

trade and it also has four experimental farms.

THE CHAIRMAN: Where are those farms located?

MR. REEK: There is one at Ottawa, one at Harrow, one at Kapuskasing and one at Delhi. The Harrow and Delhi stations are principally for tobacco.

THE CHAIRMAN: Why should the Dominion have these farms; why should not these farms be run by the province?

MR. REEK: The tobacco station at Harrow was established soon after 1900, when tobacco growing started to develop. The province does not do any work in tobacco except some exploration work. This farm at Harrow was established before the Ridgetown farm was established. The Kapuskasing farm was established to meet a need which the province was not meeting. There is a tremendous area to be taken care of in that district.

THE CHAIRMAN: It relieved Ontario from the necessity of establishing a farm there?

MR. REEK: Yes, if the federal people were not there, the provincial people would have to establish a farm there.

THE CHAIRMAN: By the way, I asked about the area in northern Ontario which was suitable for settlement and which had not been settled. Could you give us that information?

MR. LANG: I have a document prepared in answer to that question. It is headed, "estimate of Crown land in northern Ontario". The first column shows the district, the second column shows the total area, the third column shows the forest area, the fourth column, the pulp concessions, the fifth column, the accessible amount of agricultural land and the sixth column the inaccessible amount of Crown agricultural land.

COMMISSIONER MacKAY: Have there been any soil surveys in the north country to indicate whether that land

is suitable for agriculture?

MR. REEK: Not recently; at least, not that I know of?

COMMISSIONER MACKAY: These are very rough estimates, then?

MR. REEK: I do not know where these estimates came from, but it could not be otherwise. It might be reasonably accurate, however.

COMMISSIONER MacKAY: It is only "might", one way or the other, is it?

MR. REEK: Yes, it is rather difficult to know actually when the land is covered with bush just what portion is going to be suitable for agriculture.

THE CHAIRMAN: Mr. Lang, the breakup of the total area seems to be larger than the total. The total is given as 199,100,000 acres. Then, you see, we get about 240,000,000 acres in the breakup.

MR. LANG: There might be some explanation as to the total area. You see, the fourth column is pulp concessions and whether or not that land is arable, I do not know.

THE CHAIRMAN: Perhaps you might just check that matter up, so that we will know the correct total. Even if you subtract the amount for pulp concessions, it does not work out correctly.

MR. LANG: The footnote says:

"Of the area covered by pulp concessions, 33 1/3 per cent might be considered agriculturally suitable, but economically maintaining an industrial area might be deemed preferable."

But, as you say, even if you subtract the total pulp concessions, the grand total does not work out. I will be glad to have that checked up, Mr. Chairman.

THE CHAIRMAN: I think you said, Mr. Reek, that no

soil survey had been made of those areas in the north?

MR. REEK: No soil survey, such as we understand a soil survey, is being carried on now.

THE CHAIRMAN: We used to talk a great deal about the Clay Belt and I was wondering how far it has been actually settled. I noticed certain settlements near centres of population, but I was wondering how far there are substantial areas suitable for settlement and still unsettled. You cannot throw any light upon that question?

MR. LANG: I believe we will have Mr. Cain here later, the Deputy Minister of Lands and Forests.

THE CHAIRMAN: Have you any questions, Mr. St. Laurent?

MR. ST. LAURENT: I do not want to go over the details but I have a few questions.

BY MR. ST. LAURENT of Mr. Reek:

Q. Has it been your experience that there is nothing which can be improved upon in the relations between the federal Department of Agriculture and the provincial Department of Agriculture? A. Well, just at the present time, I do not know whether I could make a recommendation or not. There is this--going back fifteen or twenty years, there was a line of operation then in which there was conflict. Coming down through the years, this has been eliminated and at the present time the federal government is carrying on some work which might be designated as purely provincial. However, it is being carried on by Ontario men who are living in Ontario and the people in the country do not know whether they are provincial or Dominion officers. They work in harmony and do not interfere with one another.

Q. I understood you to say that there was a little more work to do than is being done? A. Yes, that is true.

Q. Your view is that none of the work which is being done

is not really efficient production work? A. That is correct.

COMMISSIONER MacKAY: I would like to ask you a general question. In your opinion, could the whole field of agriculture be better administered if it were completely under the control of the province or completely under the control of the Dominion? Does the present arrangement of coordinating authority and concurrent jurisdiction work out satisfactorily, do you think it is most efficient?

HON. MR. DEWAN: It is rather a difficult question for me to answer, but I would say this: You always have to be in contact with the man you are trying to help. It is a matter to which I would want to give some consideration before giving a definite answer.

COMMISSIONER MacKAY: How are you assured that there will be no overlapping? How do you maintain cooperation?

MR. REEK: I believe that has been developed a good deal through an organization known as the Technical Agriculturalists. I believe their conferences have done more to eliminate overlapping and confliction. So long as we are able to keep that organization living, I believe the danger of any overlapping or duplication will be eliminated. It brings to the surface the utter foolishness of it.

COMMISSIONER MacKAY: It is the good sense of the men who are doing the practical work, is it?

MR. REEK: I believe that is correct.

HON. MR. DEWAN: I think it is only fair to point out that any project which is considered of an agricultural nature, where it is foreseen that there might be overlapping in the carrying out of the work, is usually preceded by a conference by the federal and provincial authorities interested. I think in every case there has been agreement

as to what work should be done and as to how it should be coordinated.

MR. ST. LAURENT: Mr. Chairman, shall we file this memorandum at this time?

THE CHAIRMAN: I think perhaps we might leave it until Mr. Cain comes.

MR. ST. LAURENT: The memorandum might be filed, sir , now.

THE CHAIRMAN: Yes, that will be exhibit 315.

EXHIBIT NO. 315: Estimated Crown
Lands in Northern
Ontario.

THE CHAIRMAN: We are very much obliged to you for the information which you have given us, not only because of its fundamental importance , but also because in the popular belief, the Departments of Agriculture are the ones in which there is a good deal of overlapping.

HON. MR. DEWAN: I can quite appreciate that. Some time ago, when I was younger in the work, myself, I could not see how that was not the case. As my Deputy has pointed out, originally, it is quite true the experimental work was supposed to be entirely conferred upon the Dominion. Naturally, the Dominion did not cover some special districts such as the fruit district. The experimental work, generally, of the province at the present time, is largely of a local nature. It is only done in co-operation with the federal authorities. Just to mention this matter a bit roughly, the total expenditure of the government's services in Ontario is approximately \$90,000,000. We will expend this year slightly less than \$2,500,000 or somewhat over two per cent. What I am pointing out is that the proportion of the expenditure of the provincial Department of Agriculture is not large. I do not mean to say that the amount/\$2,000,000 is very small, yet if

you were to wipe out the expenditure of the provincial department entirely, it would not be a large saving, proportionately.

COMMISSIONER MacKAY: Just one further question, perhaps, in the matter of ^{the}marketing of agricultural products, Mr. Reek, is the present arrangement, the arrangement which you have worked out, in view of the decision of the Privy Council, is the present arrangement satisfactory? Would it be preferable for the Dominion to have control over marketing, including grading?

HON. MR. DEWAN: You asked about grading--did I understand you to ask about grading?

COMMISSIONER MacKAY: Just that grading is very important.

HON. MR. DEWAN: I might say that the Dominion has the entire control of grading.

COMMISSIONER MacKAY: For the marketing of products within the province?

HON. MR. DEWAN: Not within the province, but for export.

COMMISSIONER MacKAY: Is it a practical division of authority.

HON. MR. DEWAN: My personal opinion would be, yes, for export, that would rest with the Dominion. As I see it, the problems of marketing within the province are very closely linked up with the work of our local organization. We feel that we can coordinate the work pretty well under an organization which we might call the coordination of markets branch. We could deal largely with these problems which are of a local nature. For instance, we are giving a considerable amount of assistance in the north country at the present time, by providing one or two men who are dealing with problems which are

entirely local to northern Ontario agricultural conditions.

COMMISSIONER ANGUS: Do you think it would be satisfactory if the marketing and grading, like agriculture, were subjects of concurrent jurisdiction, concurrent Dominion and provincial jurisdiction?

HON. MR. DEWAN: I am not sure, Professor Angus, that I see your point.

COMMISSIONER ANGUS: If both the Dominion and the province could legislate with the Dominion legislation prevailing in the case of conflict, would that be satisfactory in the case of marketing and grading?

HON. MR. DEWAN: Making a personal answer, I would say yes. I wish we had a little more authority in one connection, but I prefer not to go into that at the present time.

THE CHAIRMAN: Then, the next presentation is that of the Department of Labour.

MR. LANG: The Hon. Mr. MacBride is here, Mr. Chairman.

HON. MR. M. MACBRIDE, Minister of Labour, was called.

HON. MR. MACBRIDE: Mr. Chairman and Gentlemen: In the Department of Labour I think we can cover the situation by a very brief, general statement. I have filed the answers to the various questions. At the present time, there is no apparent overlapping excepting, perhaps, with respect to the employment services. It is only in a very insignificant way, if I might use the word, "insignificant". The Federal Department of Labour, as I understand it, I am subject to correction if I have not understood it correctly, covers the situation all over the Dominion. It keeps very closely in touch with the League of Nations and therefore is a Department which has, at all times, the information--some of which is valuable and some of which we do not think is so valuable. In

former years, as is well known, under my present colleague, the former Minister of Labour, the Honourable Mr. Heenan, the federal Department of Labour did take a great interest in composing industrial disputes and troubles. Commencing about 1930, I think, the federal department rather receded from these activities. Since that time, this province and other provinces have been attempting to deal with the problem and, I might say, rather successfully.

(Page 7880 follows)

Whether or not co-ordination could be affected with a resultant saving financially could only be determined, in my judgment, in a matter of a conference between the federal authorities and officials of our department and the other provinces. I may say to you that on the 24th, 25th, and 26th of May of this year there will be a little meeting at Ottawa, where we will discuss all matters pertaining to labor in the provinces and in the Dominion. Whether anything will come from that or not I am not prepared to say. The point I would like to make, however, is this: That the Province of Ontario, being the outstanding industrial province of the Dominion, - Quebec being next, as we know, and British Columbia following, and the Maritimes, - we are now spending in this province nearly three-quarters of a million dollars in services for industry, called a Labor Department. The services we give are not only services to labor, they are services in the interests of industry generally, where the wealth is produced, and they are services in the general public interest. We received no contribution whatsoever from the Federal treasury for that work which we are carrying on, unless the amount of \$62,000, which we received to assist us in our employment service work, can be considered a contribution. I suppose someone would say it is a contribution, but our Department in Ontario supplies the Federal Department daily with data, reports, and we give them a good deal of service, - placing men on public works undertaken in a Dominion way. So that I suppose it may be called a contribution, but we feel we give service for a good deal of it.

Now, I do not think I need enlarge on it; the Commission has in typewritten form the answers to all the questions that have been submitted. We are, in this Department, endeavouring to give very comprehensive services, as you will notice, to industries in this province. The Factory, Shop, and

Office Building Act, the Apprentices Act, the Minimum Wage Act, the Operating Engineers Act, the Steam Boiler Branch Act, and the Employment Services I have mentioned, the Industrial Standards Act, and our conciliation and negotiation efforts between labor and capital. And then, of course, we have our Fair Wage Clause in public works in co-operation with the Dominion in that respect, and then we have our Workman's Compensation Act in this province, which takes care of injured working men in a very comprehensive way. I think perhaps this province leads the world in its efforts to compensate injured working men, and ^{to} take care of widows and children who may be left because of fatalities in industry. That extends through the mining, lumber, pulpwood, and every industry in this province. We are now, through our Department, endeavouring to co-ordinate some of the work that heretofore has been done by the Labor Department, and in some instances duplicated by the Compensation Board through its safety efforts. We hope, ourselves, in this year or next year to save a considerable sum of money by endeavouring to co-ordinate the efforts that are made under the Compensation Act and by our Department of Labor. But these plans are just in our mind at the present time, and we hope to work them out. At the moment I would say there is no particular duplication between the Federal authorities and ourselves, but we are desirous of having a conference with the Deputy Ministers and the Minister and those who have to do every day with the practical working out of labor and industrial problems. I do not think we can make any real progress, - and I say this respectfully, - until we get the practical men now dealing with these problems to sit around a table to discuss them.

My Deputy Minister, Mr. J. F. Marsh, is here, and I have two representatives here from the Workmen's Compensation Board.

THE CHAIRMAN: Mr. MacBride, do you think it would be of advantage to have a uniform minimum wage standard throughout Canada?

HON. MR. MacBRIDE: I think it would be a very distinct advantage, but I question whether it could be made operative unless under some sort of a zone system. For instance, in Ontario we pride ourselves that our labor is a bit more efficient, and we say that respectfully, than some other sections of the Dominion; that our power resources give us some advantage. It would be ideal, of course, if we could have a minimum wage, and maximum hours, but Canada is a very large country.

THE CHAIRMAN: It has been suggested to us in one or two briefs, - I am not sure but I believe by one or two provinces, - that it would be desirable to have a minimum wage and maximum hours standard of labor throughout Canada, but to permit any province that desires, to establish a higher minimum, or a shorter day.

HON. MR. MacBRIDE: Well, there might be a good deal of merit in it, in some effort of that kind, but I think this: That we have to recognize that we are now dealing with conditions which have been created over a period of seventy years since Confederation, and we cannot apply, no matter how willing we might be to do so, either over the Dominion as a whole or even in the provinces, any sweeping cure-all measure. That is my considered opinion. Every day we are endeavouring to grapple with problems which we know are acute and which we know are serious. We are anxious to deal with them, but we are faced with the complication of conditions which, we realize, the more we study them, have grown up over seventy-one years.

COMMISSIONER ANGUS: Under the heading "conciliation and negotiations" you say there is a great deal of conflict, or

overlapping. Is it possible for both the Dominion Department of Labor and the Provincial Department of Labor to be dealing with the same industrial dispute?

HON. MR. MacBRIDE: No, I do not think it would be possible. They did, for quite a period of years, deal almost exclusively with all industrial disputes, under an Act which applied, of course, only to public utilities and to public works. Unfortunately, it was not used as much as, in my judgment, it might have been used, by both employer and employee. Then, of course, with the acute conditions that we have been facing since the end of the world war, it became necessary in this province for the Government of the province to set up conciliation officials in the Labor Department in the hope of promoting and preserving industrial peace in the public interest of the whole Dominion. There may be something in the way of co-ordination worked out, but as I said, I think it can only be arrived at by the men who are dealing with it every day sitting around a table and considering it.

COMMISSIONER ANGUS: Could they get better results by sitting around the table and considering it, if the distribution of power was at all different than it is?

HON. MR. MacBRIDE: Dealing specifically with the question of industrial disputes may I express this opinion, that both the representatives of the employees and the employers invariably want to meet someone in authority. While the Minister might not be quite as capable as some of his officials, - and I am quite frank enough to say that, - they do want to see the Minister. He has to spend a good deal of his time in meeting delegations, small and large, and paving the way to a result that will finally be brought about by an official under his direction. Therefore, I question very much if we had an industrial dispute in British Columbia whether they could get that personal contact

with the official at Ottawa, no matter how capable and sincere he may be, - I think they would want to deal with the Minister in British Columbia, and I think they would want to deal with the Minister in Ontario, and so in the other provinces. That is our experience. We can get into conference with them, both employer and employee, and lay the foundation upon which better relations may be arrived at from then on. Our officials of the Department have been making substantial progress. We have been very fortunate, I may tell you, in this province, in recent months and recent years in face of the general disturbed conditions in this country and throughout the world. We have been very fortunate, I think, and I think a good deal of it is good luck. Some people say the Minister is a good conciliator, but I think it is good luck.

THE CHAIRMAN: The memorandum will be filed as Exhibit 316.

EXHIBIT No. 316. Memorandum filed
by Department of
Labor

THE CHAIRMAN: The next is the Department of Mines.

MR. LANG: The Hon. Mr. Paul Leduc is here, Mr. Chairman.

HON. MR. LEDUC: Mr. Chairman, I have expressed very briefly the stand this Department is taking so far as taxation is concerned. Now, since that time I have given to the Commission copies of the Mining Tax Act, for the use of the Commission, and I will also take the liberty of annexing to it a statement dealing with the income of one of our mines, which I call the "X.Y.Z." Mine. I thought these documents might help the Commission to understand the point we were making the other day.

THE CHAIRMAN: Would you kindly explain the statement to us, Mr. Leduc?

HON. MR. LEDUC: Yes, Mr. Chairman. This is a statement of the profits of a Company made during the calendar year 1934, and it shows how we figure out the net profits taxable by the Department of Mines under our Mining Tax Act. First of all, the mining assessor takes the total proceeds of the mine, which amount to \$7,010,000. Then we deduct from that everything connected with milling, - with the processing of the ore. The first reductions made are the actual milling charges, the actual expenses of the mill, which amount to \$484,682.82. Then in order to make allowance for the profits that would be made on milling if it were made by a custom mill or by another company, we make an allowance of 50¢ per ton treated during the year, and in the case of this particular mine we have allowed a profit of \$177,000. Then we deduct also the depreciation on the mill buildings and equipment, which is figured out at 15%, and in this case it amounts to roughly \$194,000, leaving the value of output at \$6,144,000. Then if you will, my Lord, look at the second page, you will see that we deduct from the value of the output, which is the value of the ore or the mineral at the pit mouth, then we deduct the mining expenditure and we tax the difference. For instance, in this case the mining expenditure amounted to \$2,142,000, leaving a net profit of \$4,011,000., which is taxable under our Act.

COMMISSIONER SIROIS: At what rate?

HON. MR. LEDUC: Well, in the first place, there is a general exemption of \$10,000. Then on the balance, up to \$1,000,000 the rate is 3%. On the excess over \$1,000,000 up to \$5,000,000, - that is on the next \$4,000,000, the rate is 5%; and on the excess over \$5,000,000 the rate is 6%. You will find the rates set out in the Act in section 4, at page 4.

MR. LANG: May I say, Mr. Chairman, that for a reference to the Act and the way the tax is computed, see Book 3, page 12.

HON. MR. LEDUC: Now, the other day, Mr. Chairman, one of the Commissioners asked some questions concerning the geological surveys conducted by the Federal Government in the Province of Ontario. The chief provincial geologist, Mr. Rickaby, is here. If there are any questions I am sure he will be glad to answer them.

MR. H. C. RICKABY, Provincial Geologist, Ontario Department of Mines, was called.

COMMISSIONER MacKAY: What work does the Federal Geological Survey Department do in the Province, Mr. Rickaby?

MR. RICKABY: The functions of the two departments, the geological branch of the Federal Department and our own geological branch, are entirely similar, Owing to the fact that they have a somewhat larger staff than we have, and therefore carry specialists on more lines than we do, their work covers a wider variety. Our own special staff, consisting of five permanent men, is composed of specialists in metallic minerals, - gold, silver, copper, nickel and so on. We do not carry on our staff specialists in oil and gas, or for non-metallics. While the work of the Departments overlap there has been no duplication. That is by arrangement of programmes previous to the season's work.

THE CHAIRMAN: Is there any reason why one government should not do the whole of that work?

MR. RICKABY: There is no reason, Sir.

COMMISSIONER MacKAY: Would it be more efficiently done if done by one government? That is to say, would there be less waste effort; would it be at less cost in the total?

MR. RICKABY: I think possibly it would, Sir. We will have in the field this summer sixteen parties. The pro-

gramme of the Federal survey, - their work in Ontario, has not yet been decided. That is under consideration at the present time.

THE CHAIRMAN: Take, for instance, where you send out a survey party, how do you limit the territory as between the Dominion and the province? They also send out survey parties?

MR. RICKABY: That is done by arrangement before the season commences, Sir.

COMMISSIONER MacKAY: You do general field work and also exploitation geology, if I may put it that way? That is, you advise as to the development of properties?

MR. RICKABY: Well, you mean economy? Yes, we specialize in the economic fields. The work of the surveys at Ottawa in the past has been as a rule of a more general nature, more purely geological, if I may put it that way.

COMMISSIONER MacKAY: Do you think, on the whole, that there is no great need now for the type of work that the survey at Ottawa is doing? Do you say you could do it yourselves?

MR. RICKABY: There is need for that type of work, but we could do it ourselves.

COMMISSIONER MacKAY: At much increase in cost?

MR. RICKABY: No.

COMMISSIONER DAFOE: Was not the Dominion geological survey service organized in the old Province of Canada originally?

MR. RICKABY: It was organized around 1862, I think.

COMMISSIONER DAFOE: And it was taken over by the
they
Dominion, and/ took the whole Dominion as the field of operation?

MR. RICKABY: Yes.

COMMISSIONER DAFOE: Then the provincial departments

came in subsequently to attend to particular matters which the Provincial Government thought should be under their jurisdiction?

MR. RICKABY: That is right, Sir.

COMMISSIONER MacKAY: What work does the Department of Mines do for you in the way of assays, or ore dressing?

MR. RICKABY: They have at the Department in Ottawa ore testing laboratories, and they do considerable work for the Mines in Ontario at that Department.

COMMISSIONER MacKAY: You do not do that work yourselves at all?

MR. RICKABY: We do not do it on anything like the scale that they do it at Ottawa. We have a small testing laboratory at Cobalt, but it is a very small organization.

COMMISSIONER MacKAY: Could you do that work, or is it better done at Ottawa?

MR. RICKABY: I think we could, Sir.

BY MR. ST. LAURENT: Q. You have said in answer to a question that you think your Department could do the laboratory testing work that is done in Ottawa. Would that involve much expenditure for plant and equipment? A. I could not answer that. I do not see why it could not be done without any great expenditure on new plant and equipment.

Q. You think the plant and equipment that you already have may be sufficient for the purpose? A. No, our present plant and equipment that we own would not be sufficient.

Q. Well then, is there a substantial volume of plant and equipment connected with the Ottawa Department?

A. Yes, there is a very large plant.

Q. Would that have to be duplicated to do the work that those laboratories are doing? A. I do not think it would necessarily have to be duplicated.

Q. The work could be done without a plant of that character?

A. No, you would have to have a plant to do that work, but I do not see that it would necessarily have to be duplicated, - to build a new plant.

Q. You would have to use that one? A. I think possibly that some arrangement could be made.

Q. But the work that is to be done requires an extensive plant, does it not? A. That is right.

Q. And if the plant which exists at Ottawa was not available another one would have to be provided? A. I think so.

Q. Are you able to give an estimate of the value of such a plant? A. No.

THE CHAIRMAN: The memorandum of the Department of Mines will be Exhibit No. 317, and the taxation statement of "X.Y.Z." Company will be Exhibit No. 318.

EXHIBIT No. 317. Memorandum filed by
Department of Mines,
Province of Ontario

EXHIBIT No. 318. Taxation Statement
of "X.Y.Z." Mining
Company

MR. LANG: The Department of Health now, Mr. Chairman?

THE CHAIRMAN: Yes.

MR. LANG: There is quite an extensive statement filed by the Department of Health, which I think very fully covers the situation. Dr. B. T. McGhie, the Deputy Minister of Health is here, and should there be any questions he will do his best to answer them. I think the statement shows there is no overlapping, really.

THE CHAIRMAN: This is another Department in respect to which public impression prevails that there is unnecessary duplication and overlapping, and perhaps we had better have a few words of oral testimony from Dr. McGhie about it.

Dr. McGhie, would you just draw the distinction between the work done by the Federal department of Health so far as this province is concerned, and the work done by the Depart-

ment of Health of this province?

DR. McGHIE: In the Federal Department of Health, Sir, the responsibility for seeing first, that no communicable diseases are brought into the nation by persons coming from outside, - foreign countries, - that is one of the first considerations; and that the general health of the immigrant is what it should be. And to that end quarantine stations are operated by the Federal Department of Pensions and National Health. They also are responsible for seeing that persons working on ~~canals~~ and railways throughout Canada have the necessary medical care during the operation of any construction that is going on; and they treat sick and any indigent mariners who come into Canada by Canadian ports on both coasts.

THE CHAIRMAN: Is there any reason why that work should not be done by the Provinces?

DR. McGHIE: Well, as it does not materially affect this province I do not know whether I should presume to answer that. It is more a matter for the Maritime provinces and British Columbia. The control of the quality of foods and drugs, for both men and animals, under the Food Control Act, is the responsibility of the Federal Department, and it being national in its scope I think rightly belongs there. And the protection of the public against dangerous drugs and narcotics is also a Federal matter. There is need for closer co-ordination of our efforts in that field, which I might deal with later.

The control of the spread of venereal disease has received federal attention in that grants-in-aid have been given to the various provinces from time to time to combat that disease. And the cooperation with the provinces of the Child and Maternal Hygiene Division of the Federal Department, which they have, just by way of giving some assistance in the way of advice to those provinces that have not such a service of their own. That was discontinued for some years and has within eighteen months been reestablished by the Federal Department of Pensions and National Health.

The Federal Department also has the care of lepers in the leper colonies.

THE CHAIRMAN: You have none of those in this province?

DR. McGHIE: No, that is true, Mr. Chairman. And they operate a laboratory which deals with this matter of the examination of foods under the Foods Control Act and which is somewhat different from the type of clinical laboratory which we operate, which must be near the physician, to properly serve the people, not too far from the people which it is serve.

That briefly is the work of the Federal Department of Health, except that I might add that they operate certain hospitals in addition to those for mariners, chiefly for pensioners of the Great War.

THE CHAIRMAN: The Soldiers' Civil Reestablishment.

DR. McGHIE: That is true. One of those is a mental hospital in this province and it is operated through an agreement as between the two governments.

In the provincial field of health the set up is perhaps first of all a local Board of Health, ^{are} there/between seven and eight hundred of them, representing the various

municipalities throughout the province. And the duties of what formerly was known as the Provincial Board of Health and now the Department of Health of the province, some of them are statutory and others are directional and have been assumed in assisting the municipal Boards of Health in combatting communicable diseases. That, we believe, is an advantage because much of the work in the application of the knowledge of preventive medicine cannot be carried on without the education of the citizens of the province, and the closer you can bring home to the citizen the need of protection against smallpox, diphtheria, and so forth, the better. And each year as the budget for health is considered, and is one of the problems for which they are taxed, it keeps this before the people. And we believe that a municipal organization, the size of it, might be considered in that it should be large enough to get the proper type and adequate type of staff to direct such a programme.

THE CHAIRMAN: Do you think the municipal unit is too small a unit for efficient health administration?

DR. MCGHIE: It is difficult as we found this last year in an epidemic we had in this province, where, in attempting to give direction to over 700 medical officers of health in the matter of two weeks, the chief medical officer of health had to travel some two to three thousand miles in the course of two weeks and meet groups of these medical officers of health and speak to them two or three times a day, and it was rather unwieldy. But, there is provision, it is in the legislation at the present time, for combining municipalities and there is a movement in that direction in this province, to have a larger unit and a more adequate staff and some provision for grants-in-aid from the province to that end.

THE CHAIRMAN: Do you find the municipalities anxious to establish these larger units and cooperate with each other?

DR. MCGHIE: Well, this is a matter which we have left to the local people to work out for themselves. But, there is a demand on the part of especially those interested in school health, for more attention to the health of the school child, and especially in the communicable diseases I have spoken of, protection against these, and also in the province, the protection against the spread of tuberculosis, and there is a keen interest, and that has been evidenced recently in the papers, in the discussion at the educational convention here at Easter-time.

COMMISSIONER DAFOE: Have you the problem that we have heard of in other provinces, of the lack of supervision equal to provincial supervision of Indians as wards of the Dominion?

DR. MCGHIE: That has been a real problem with us here, especially in the prevention of the spread of tuberculosis, but within the last few months at Ottawa there was a conference of the Directors of Tuberculosis Prevention in the various provinces and an arrangement arrived at where we think we will be able to meet that, or our staff will undertake the examination of some of these known cases and suspected cases of tuberculosis among the Indians. It is particularly important on the edges of the reserves where this disease spreads out to the whites from cases among Indians that are not receiving attention, isolation.

COMMISSIONER ANGUS: Will they be able to arrange hospitalization of the Indians?

DR. MCGHIE: That is a matter which might be given more attention. We will have in this province some five hundred additional beds for tuberculosis in the Fall, but I

think with our campaign among the Indians and the whites that accommodation will be necessary for them, although we are sending through our clinics a number of Indians into hospitals, but that needs a little different handling from the other situation. Where these cases do go into hospitals, the Indians, they are paid for by the Department of Indian Affairs. I do not think there is any overlapping as between the provincial and federal Departments of Health. There are some matters that I have listed here for your consideration that might be cleared up.

THE CHAIRMAN: You might refer to those briefly, Dr. McGhie.

R. MCGHIE: The control of poisons in the province under --

MR. LANG: What page is that, Doctor?

DR. MCGHIE: At page 29 of this brief.

MR. LANG: That is not the same one that the commission has.

DR. MCGHIE: This is another brief. The brief that was filed has to do with the financial set-up of the Department of Health. This brief is the actual medical, and preventive work.

THE CHAIRMAN: That is very interesting.

DR. MCGHIE: And on page 29 of that brief ---

MR. LANG: Just a moment, I will see what this is. Is this generally along the lines of what you have been saying?

DR. MCGHIE: Yes, it is.

MR. LANG: I have not seen this at all. I do not like filing something I have not read, Mr. Chairman.

THE CHAIRMAN: We have to do it sometimes.

MR. LANG: Well, we will file this. It will be Exhibit 319.

EXHIBIT NO. 319: Statement prepared by
provincial Department of
Health as to work of
Dominion and provincial
Departments of Health

DR. MCGHIE: On page 29 of the brief just filed there is a reference to the control of poisons. The Dominion administers the Food and Drug Act as previously mentioned, and also under the Agricultural Pests Control Act there is provision for the distribution of drugs, for the control of pests, used by agriculturists. And we operate or supervise the operation of the Pharmacy Act. There is some conflict here because such drugs as mercury bichloride, that is quite poisonous and used for the killing of animal pests, cannot legally under the Pharmacy Act be sold by merchants, as it is, to agriculturists and there is a difficulty and it is suggested that a list of the drugs that are used might be prepared by the Dominion Department of Pensions and National Health and some amendment to the Act which would permit this to be done legally, and at the same time some record kept of the sale of these poisons by the merchants who do sell them now.

Then, there is the question I mentioned previously, the control of narcotic drugs. The present system is that the derivatives of opium are supervised and controlled, their sale and distribution, by the Federal Department of Health through their narcotic division. But, certain other drugs such as, codeine and barbituric acid derivatives, are not dealt with there and we now accept the fact that they are habit forming. So that the province had to step in there and under the Pharmacy Act provide legislation for the control of these drugs. We feel that might be dealt with as the opium situation is dealt with.

MR. LANG: What page are you on now?

DR. MCGHIE: The bottom of page 30.

Now, the question of the maintenance of insane convicts. As the Penitentiary Act now stands a prisoner committed to the penitentiary, if he is found to be mentally ill within three months after his commitment, he is returned to the province for care, treatment of his mental disorder. If it is beyond the three months period then the Federal authorities assume responsibility, and while they have not any institution in which to put him, they return him to us for care or for his treatment. But, these patients who have been designated criminals have to be turned over by us to our mental hospitals where they meet and mix with others who are not designated as criminals, and who are mentally ill, and this is a situation which has caused us some embarrassment in the past. We believe the Federal Government should provide for those rather than ask us to do so, and pay us for it. That is dealt with on page 32 of the report, under the mental examination of prisoners or persons appearing before the Courts. Under the provincial legislation, especially the Mental Hospitals Act, these persons can be examined when a plea is entered of mental illness or insanity. They can be examined either in a jail or sent to a mental hospital for a period of observation, which is sometimes desirable. It is difficult sometimes in the environment of the jail or in a short examination ~~then~~ to determine the mental status of the accused. We have had in the past year some five hundred persons so referred that are charged under provincial legislation. About half of those people were found to be insane and committed to hospitals. The rest were returned to court. Now, there is no such division under the Criminal Code, sections 19, 966, 967 and 970, as referred to on page 32, and we are asked to examine these people in the jails often, and it is very difficult, especially in some cases. They

might not all need to go into hospitals for examination but it is sometimes very difficult to come to a conclusion that would be fair to all parties concerned without some period of observation. We think that should be provided for in the criminal code.

Then, the question of inter-provincial responsibility for hospitalization. It may not be possible to deal with this under legislation but citizens of other provinces coming to Ontario, we had some here holidaying during the last epidemic who were hospitalized with infantile paralysis and are still here with us. There is the question of the payment for the hospital care of these citizens from other provinces who are here with us temporarily. It is a question that perhaps should receive consideration through some agreement, some rules that might be drawn up with the Federal Department of Pensions and national health to which the other provinces could subscribe and that might be handled by agreement.

I might say that twice a year the senior officers, the chief officers of health or deputy ministers of health of the various provinces meet in Ottawa under the Canadian Council of Health, and that we are able to clear up matters of health and that is why we do not find conflict and why there is no overlapping.

THE CHAIRMAN: Have these matters you have mentioned been discussed at your Canadian Council of Health?

DR. McGHIE: Yes, they have from time to time, sir, and will be again. We keep after them.

THE CHAIRMAN: You have not been able to persuade them yet to do the things you think should be done?

DR. McGHIE: Well, very often we find when we get there that they are under the direction of some other department,

like the question of Indian affairs for instance. We have found for the last four or five years, although an officer would be there from the Department of Indian Affairs, he could not commit his own department, and we carried on, and that same thing applied in some other situations, that health activities and treatment activities seem to be spread among a number of departments, which makes it difficult for us to clear up the matter at the time.

THE CHAIRMAN: There is one important question which has been raised before us in a number of briefs, and was particularly discussed in British Columbia; that is health insurance. Is there any feeling in this province at all in favor of a system of health insurance?

DR. MCGHIE: The activities of the Department of Health in this province do not include treatment, and health insurance is thinking more in terms of treatment of disease. We in the department deal with matters of prevention of illness rather than matters of treatment, so I am not in a position to discuss health insurance, we are not dealing with it at all. Any assistance that is given to the treatment of indigents is given through the Department of Municipal Affairs. The assistance we give for treatment is in grants to public hospitals and sanatoria.

THE CHAIRMAN: I do not recall any particular discussion in the press on this point. Perhaps, Mr. Cross, you can tell us. Has there been any agitation in this province on the question of health insurance?

HON. MR. CROSS: That depends upon what you mean by agitation, Mr. Chairman.

THE CHAIRMAN: Well, I mean expressions of public opinion or representations to the Government on it?

HON. MR. CROSS: I am aware of some experiments that have been carried on under the guidance of the Medical Association, I think on a voluntary basis, Dr. McGhie will say. I think there is one in Toronto and there are one or two in other parts of the province, where a scheme has been organized by the doctors themselves and they have, in the districts where they are experimenting with these matters, put in a measure of health insurance on a purely contributory basis.

THE CHAIRMAN: On a voluntary basis?

HON. MR. CROSS: Yes.

THE CHAIRMAN: Of course, we have had it strongly represented in some quarters that there should be some form of health insurance, either Dominion or provincial. It may be that that question has never been considered by the government here at all.

HON. MR. CROSS: I do not think it has reached the stage where it has been considered by the government, Mr. Chairman. I do know of instances where it has been carried on by the local medical association, experimentally, on a contributory basis. Perhaps it is too early to say how successful they are going to be over a period of years.

COMMISSIONER MacKAY: How often does your Canadian Council of Health meet?

DR. McGHIE: In the spring and fall, twice a year.

COMMISSIONER MacKAY: Do you find that an effective means of preventing overlapping and promoting coordination?

DR. McGHIE: Yes, it certainly helps in the latter. I do not think, so far as this province is concerned, there is any overlapping. There are some of these things which the Council has not yet reached or brought about which we are anxious to have here, but it does form a clearing house and permits one province to benefit another. Anything of particular interest which has happened in one province, during the interim, is dealt with on the agenda. The federal Deputy Minister of Health knows the various activities and sees to it that they are on the agenda.

COMMISSIONER MacKAY: Do you share the same opinion as Mr. MacBride, that it is better for the people interested in a practical problem to get together and thresh these problems out, than merely to have interprovincial conferences of cabinets and so on?

DR. McGHIE: We have found that this method has been very satisfactory. You can deal, in addition, with the Deputy Minister of another province. If any matter comes up which concerns only the two of you, you can confer with one of the other officials. This individual and personal communication to them means more than a Dominion conference; it secures better results.

COMMISSIONER ANGUS: At page four of the first brief, I am not quite clear as to the meaning of the last paragraph but one.

DR. McGHIE: It refers to one and two at the top of the page.

COMMISSIONER ANGUS: Does it mean that a province should be helped if it is too poor to carry out certain services, or does it mean that there are no provinces too poor to carry out these services?

DR. McGHIE: Enlarging the situation, it means that epidemics should be dealt with and situations like those which affect the health of the people, generally.

COMMISSIONER DAFOE: I think the natural inference is that the Dominion should help out a province which is economically unable to keep the health standards of the province to a point where it would be able to cope with a condition which might affect the health of the nation as a whole.

DR. McGHIE: There is a precedent for that in the treatment of venereal disease and tuberculosis; there is Dominion aid in these respects.

COMMISSIONER ANGUS: The sentence is this:

"I do not believe that the economic status of any province should affect their efforts at the control of conditions other than those which might be placed in categories one or two."

Does that mean the efforts of the provincial or Dominion department?

DR. McGHIE: Here, in this province. My opinion, as I say in the brief, the principle which is presented there is that a certain definite percentage of the tax which is collected might be earmarked for health. We believe that health is a very important thing to the citizens of the province.

COMMISSIONER ANGUS: Irrespective of the economic status?

DR. McGHIE: Or the municipality, which does not receive primary consideration.

COMMISSIONER ANGUS: You mean it should be a first charge?

DR. McGHIE: Yes, Commissioner Angus.

THE CHAIRMAN: This will be exhibit number 320.

EXHIBIT NO. 320: Memo of Health Department.

BY MR. ST. LAURENT of Dr. McGhie

Q. On page four of the exhibit number 320, the first paragraph, there is a statement:

"The problem of the adequate assumption of their full responsibility by the province is one of cost. This problem would appear to justify the inference that grants made by the federal Department are necessary. Any consideration of the subject of grants by the federal government to the provinces in aid of a more effective public health programme must take into account--"

these various conditions which you enumerate. Will you just elaborate upon that a little more; why should there be the inference that grants made by the federal department are necessary? A. In some of the diseases of which

I have spoken--I only know through contact with the Canadian Council of Health--some of the situations were mentioned, I believe, in the brief which I submitted, such as sylvatic plague. This has spread from the United States into British Columbia; It is something we do not meet here at all, but it is something which would be a national problem if it spread from British Columbia across Canada. It is for this reason that we believe it is expedient for the national government to see that it does not spread. It is the same as leprosy or some of those conditions which might be brought in. Does that answer your question sir?

Q. Is it your view that at the present time there is apparently not sufficient money available for the proper handling of health problems? A. Well, I am not in a position to answer for the Dominion as a whole. I know this province is making very good progress in health matters. I have not studied the economic health situation of the Dominion.

Q. Is there to be implied from this paragraph that the adequate assumption of the responsibility in regard to health seems to involve a federal grant? A. It does not in this province, outside of venereal disease and tuberculosis and the possibility of this other disease of which I spoke spreading from the west. Otherwise, I think this province is dealing quite adequately with its health problem.

Q. With respect to the care of convicted persons who are afterwards found to be insane, are there sufficient numbers of them to warrant the establishment of special institutions to take care of them? A. Well, from the applications we receive respecting those cases from the federal department, I would say yes. I do not know what

the situation is outside the province of Ontario.

Q. But from what occurs within your own province, you think there would be a sufficient number to justify the erection of a federal institution? A. I think so, not only with regard to the examination of these people,-- they are not all insane. Some of them become insane while they are lodged in the penitentiary. Our staff is called upon to make examinations of these patients and we cooperate with the federal authorities in this respect. I think there should be a psychiatric service established so that these patients may be detected at an earlier stage.

Q. You think that would require a federal service?

A. By service--well, I am not aware whether one psychiatrist could serve more than one penitentiary or not. I do not know, that is a matter of administration. There should be some man who could check up on the mental health of the inmates in a penitentiary.

Q. Is there a serious inconvenience resulting from the taking into ordinary provincial mental hospitals this type of case? A. There is, yes, because a large percentage of the population--some person has a nervous breakdown and goes into the hospital. Twenty-five per cent of these patients are cured; they do not want to feel that they were in the same ward with criminals from the penitentiary. It is that type of inconvenience of which we complain. Some of these patients do not realize that they are not in a penitentiary and their behaviour is not very good.

HON. MR. CONANT: There is one point which I would like to make arising out of that, Mr. St. Laurent. The question was directed towards a federal institution for the criminally insane. I think that was what was in mind.

There is rather an anomolous situation arising from the present system. As you, Mr. Chairman, particularly know there are cases where a person is convicted sometimes of a capital offence, and is then, because of his mental condition, committed to an institution. This is not uncommon. Then, the question arises in after years--I have one instance in mind which has arisen since I have been in office--when the person has recovered his normal mental condition, what should be done. Should the patient be released or what should be done? I have felt that it was rather too great a responsibility to take to recommend the release of a person, particularly a person who had committed a capital offence. Fundamentally, that is a matter of federal concern, clemency is a matter of federal concern. It impressed itself very strongly on my mind when this came to my attention that the federal government, particularly because of that incident and a great many others, should have to take over the care and final disposition of the criminally insane.

THE CHAIRMAN: Mr. Conant, what is the present practice? A person is found guilty of murder who is insane and is directed to be confined in an asylum, what is the present practice in such a case?

HON. MR. CONANT: In that case--I am dealing particularly with capital offences because that is a more serious aspect of this matter. After the verdict, as you know, Mr. Chairman, the judge disposes of the case by leaving it with the Lieutenant-Governor, by his direction to dispose of that insane person. I know the word "insane" is not the modern word, but we will use it. Then, that person is committed to an institution, I think Dr. McGhie will bear me out in this, one of our mental institutions. It may be any one of them which convenience might suggest.

In the case of minor offences, there are remissions made by Ottawa based upon Dr. McGhie's Department's findings as to the person's mental condition and the recommendation of the Attorney-General's Department. The minor offences are finally disposed of, but in the case of capital offenses it is very difficult to know the proper procedure at the present time. I thought it not out of the way or inopportune to bring it to your attention, because I feel something should be done by the federal department to meet that situation.

THE CHAIRMAN: Just so far as the present practice is concerned, Mr. Conant, such a person is committed to one of the provincial institutions. If the federal government does not see fit to commute the sentence, that person may be continued to be confined in the asylum, is that correct?

HON. MR. CONANT: Yes, Mr. Chairman. I think the general policy has been and so far, I am in accord with it, that persons who have committed capital offenses should not be released either on the Department of Health's recommendation or the Attorney-General's recommendation. I think it would be assuming a very serious responsibility.

DR. MCGHIE: I might say, Mr. Chairman, that even though a person becomes insane after three months in a penitentiary, that person is sent to one of our institutions at the expense of the federal government. As soon as that person's sentence has expired, even if the provincial department has to retain that person in the hospital for a number of years, the revenue from the federal department ceases. It becomes the responsibility of the provincial department to look after that person without any remuneration.

THE CHAIRMAN: In that case, you would like longer sentences, I suppose?

DR. MCGHIE: We would like the person cured of the disease, sir.

THE CHAIRMAN: I am afraid that would not constitute a claim against the federal government. If a person went insane before being committed to the penitentiary, the province would have to look after that person. The fact that that person went insane after being committed to the penitentiary and continued to be insane after the sentence had expired, I would not think would impose any obligation upon the federal government to look after that person after the sentence had expired.

The next item with which we deal is that of insurance.

HON. MR. CONANT: This, Mr. Chairman and Gentlemen, comes under my department. A rather extensive memorandum has been filed and I do not know whether there is anything which you would like to have added.

THE CHAIRMAN: Would Mr. St. Laurent just ask any questions which occur, as I have not had an opportunity of reading the memorandum.

MR. ST. LAURENT: Is Mr. McNairn here?

HON. MR. CONANT: Yes, Mr. McNairn is here.

MR. H. D. MCNAIRN, Superintendent of Insurance, was called.

BY MR. ST. LAURENT of Mr. McNairn

Q. First, I take it that the provincial inspection department is, while not absolutely necessary, at least, advisable, is it? A. Yes, sir.

Q. There are a substantial number of companies of local character requiring assistance and supervision by the provincial department, are there? A. Yes, particularly in the local institutions. I think that the provincial

department is the right department to handle the matter. and that the organizations themselves would object to interference from the central government.

Q. The number of local institutions, I understand from your brief, is largely those dealing with fire insurance, more than with any other form of insurance? A. No, there are 69 farm mutuals, then there are other organizations, such as stock mutual companies. There are also 114 mutual benefit societies, we only deal with those societies where the membership is over 300. There are also some mutual benefit associations which do not come under direct supervision. There are some 15 fraternal organizations carrying on business within the province which are a purely provincial concern.

Q. A purely provincial concern? A. Yes.

(Page 7913 follows)

Q. With respect to which you think it would be **very inconvenient** if they did not have the services and facilities of the provincial department?

A. Yes. We keep a much closer check and much closer contact with them, I think, than a central department would.

Q. Then your brief sets out the number of companies licensed by the Federal Department and registered also with your Department?

A. That is right, yes.

Q. On page 5 I note the statement that all insurers registered under the Dominion Acts are required to be licensed by the province as a condition of carrying on business therein, and in addition to the Dominion registered insurers there are a number of purely provincial and extra-provincial insurers not registered by the Dominion which are licensed by the province, and so on. With respect to the registering or the licensing of the companies registered under the Dominion Act, what are the formalities, in a general way?

A. They file with the province certain documents; their original charter or a copy as to financial statement, take out a Certificate of their registration with the Dominion Department, a Certificate that they have a deposit with the Dominion Department, copies of their policy forms, and things of that nature.

Q. Is this something of rather a formal character?

A. No, we send them the information and an application form. They fill it out, and submit other material passed on by the Department. The license is issued as a matter of course.

Q. The license is issued as a matter of course?

A. Yes, following the Dominion registration.

Q. Then with respect to the annual examination of these companies, is there any amount of detailed examination made by the provincial department?

A. Not of the Dominion registered insurers. We do not touch those companies at all;

there is no duplication whatever.

Q. You merely get statements from them? A. We receive an annual statement at the end of each year, and that is checked by our inspectors. We leave it entirely to the Dominion to check up as to the solvency of the insurer, and we accept the Dominion statement. Our Act provides for that.

Q. Then I gather from the brief here that this Conference of provincial superintendents of insurance had been able to bring about a satisfactory degree of uniformity in the forms used by the various provincial departments? A. Yes, I think I am safe in saying that in the returns used by the provincial departments they are almost completely uniform. For instance, annual statements are printed centrally by the Association, distributed by the Association to all the insurers, and then forwarded by the insurers to the individual departments. We have a committee on blanks, which meets each year; sometimes it holds two meetings, one in Montreal and one in Toronto, and the companies sit in with that committee, as a result of which the form is amended from time to time and the companies are usually in agreement with the amendments that are made.

Q. Are there representatives of the Federal Department in your Association, or on that committee? A. No. They have been asked on several occasions to sit in but for some reason they have not seen fit to sit in.

Q. As a matter of fact, are the forms that are required to be completed for the Federal Department different from those which are in use by the provincial departments? A. Yes, they are. The Dominion form is much more detailed and extensive than the provincial form, but our provincial form could be said to be a modified statement of the Dominion's, and it is prepared with a view to having the information taken from the Dominion statement. In other words, it is more of a copying task or clerical task in preparing the provincial modified

form.

Q. Would there be any practical possibility of eliminating the duplication if there were members of the Federal staff in your Association and in your committees? A. Yes. In the past two years, since I have been Superintendent of Insurance, I have very much interested myself in trying to remove any confusion or duplication existing between the province and the Dominion. There is no confusion as between provinces, the confusion exists as between the province and the Dominion. We have already removed the differences in classification of fire insurance returns; we have arranged to have the returns on taxation on the same basis. We have also had drafts prepared of a uniform basis of classification of insurance classes as between the Dominion and the provinces. We have completed our arrangements on our fire classification, but the general classifications are still to be completed.

Q. And from your knowledge of the forms in use for Federal purposes, do you think that with co-operation between the Federal Department and your Department a greater degree of simplification could be achieved? A. Yes, there is no question about that.

Q. Is your chief reason for the conclusion that the provincial department is essential the fact that there is such a large proportion of the Canadian Insurance carried on by companies located in Ontario? A. No, there are other matters which enter into my feeling in that respect. You have a close contact with all the cases in the insurance circles in your own province. Take, for instance, policy forms; we know just what is happening in the province with respect to forms, and the forms the companies are using. In some instances the public call to our attention the fact that they are having trouble with a settlement, and a form comes into question. The province then takes action. Usually we bring it up before

the conference. We have uniform automobile policy forms; fire policies are practically standard throughout Canada. We are now progressing on a uniform form of accident and sickness, and we have a committee on definitions and interpretation which is trying to standardize, to some extent, forms used in the transportation business. The result is that you have a feature there that is of definite public interest. Any man can go and buy an automobile insurance policy with his eyes closed, and obtain the same protection as another person who goes and examines the policy, because it is a standard form in every province except Quebec, and even Quebec uses that standard form in 90% of the cases. Then there is the question of complaints. There is not a day goes by that the Ontario Department has either a complaint or request for information, or advice about policy forms, or things of that nature. We are closer to the picture here, and we are able to assist, particularly in hard cases; we can sometimes help out an amicable settlement which otherwise would not be possible.

Q. And you think that those features require, in the public interest, the continuation of the provincial Department of Insurance? A. Very definitely, Sir. There is also the question of rates of insurance. There is a geographical difference in the situation of the various provinces; there is also a geographical difference right within the province. There is a different rate for fire insurance in Northern Ontario and Southern Ontario, - conditions are different. The same is true of your city risks and your country or rural risks, and the provincial department is closer to the picture there.

THE CHAIRMAN: Does the Department regulate the rates?

MR. McNAIRN: We have not any regulation of rates here, but we do require filing of returns to show premiums and losses, and we keep an eye on ^{the} form of the rates, particularly in auto-

mobile insurance, where the experience is filed with a central statistical bureau that is now used for three provinces, The returns are filed with the Department, showing the experience, broken up into the territorial divisions. We have some idea, quite an accurate idea, in fact, as to whether the rates charged are fair and are in accord with the experience. In general, my feeling on the question is that there are certain mechanical features, such as auditing and so on, that might be performed by one jurisdiction, but that all the other features are stamped with more of a local interest and would be best in the hands of the local body. It has a closer contact with what is going on.

BY MR. ST. LAURENT: Q. I understand that your view is that the continuation of the provincial departments is necessary, and that in view of the fact it is necessary that there would be nothing to be gained and perhaps something to be lost by having the Federal Department do anything in respect to administration of such companies as are registered or licensed by the provincial department? A. I do not follow you completely, there.

Q. I understand you consider that the provincial department must continue to exist? A. Yes.

Q. That it is in the public interest it should continue to exist? A. Yes, that is my feeling. There are certain matters that definitely should be looked after by the province, and I think that is admitted by all the briefs which have been submitted to the Commission.

Q. And even with respect to the auditing there would be, I take it from the brief here, in your view no danger of conflict or duplication, even if there were no Federal department?

A. I have the feeling there, Sir, that there would be an improvement in that basis of auditing, - the basis of valuation, and things of that sort, - they would be more properly taken care of by a body of superintendents sitting in and discuss-

ing and coming to a definite agreement as to the basis to be used, and you would then have uniformity throughout the province; I think there is a better chance of arriving at the proper basis. There is bound to be a difference of opinion as to the proper method of valuation, of securities of insurance companies, and that difference of opinion, if ironed out, by the various superintendents, and the final decision arrived at, would I think be the best method of handling questions that come up where there is a difference of opinion between individuals.

Q. I understand at the present time when a company is not registered with the Federal Department, and is doing business in more than one province, in practice the only audit or financial examination is that made by the Province of the home office? A. No, we inspect jointly. The company is originally held to be the primary consideration of the province where the home office is situated, and they are to call a joint inspection, when they inspect they will notify inspectors of the other provinces to come in and join the inspection. We have never had any trouble in that type of matter at all.

Q. As a matter of fact, do inspectors from the other provinces join in these inspections? A. Yes, if we have a company registered here of Quebec incorporation, Quebec will notify us as to when they are going to inspect the company, and our inspectors and the Quebec inspectors will join in the inspection.

Q. Does that not involve greater expenditure than if the inspection were being made solely under the control of one department? A. I do not think so, Sir, because the inspectors have worked together before and they know the work, and the work is divided up; with the result that you would not have two inspections going on at the same time, we will say,

it is all one inspection.

Q. They co-operate in making the one inspection? A. Yes.

Q. And you think that it is really as efficient and as practical as if it were under the control of one department?

A. It is as efficient and practical as if it were under the control of one department in that there is a saving in travelling expenses, in the first instance, and there is also the satisfaction of the province in having a copy of the report filed with each province, and the provincial inspectors not only go into the financial condition of the company but they have an opportunity to go over the claims of a company, and judge as to what the policy of the company has been in settling its claims. The result is that it is information which the province can use in deciding whether the company's policy in respect to the payment of claims is proper or not. That is information which we do not get, and it is only when a complaint reaches us from the public that we go into the Dominion companies, or make enquiries as to what their policy is in regard to the payment of claims.

Q. Then your general conclusion is that public interest might be well served by the elimination of the Federal Department? A. Yes. I think the Chairman will perhaps recall that in 1932, I believe, there was a suggestion made by the provinces to settle definitely the insurance controversy. The suggestion came from the provinces at that time for the establishing of a central - shall we say auditing department, and the management and the complete jurisdiction of insurance to be in the hands of the provinces. That suggestion was not adopted. It would have settled the dispute at that time. Now, in so far as it undertook only to place in the hands of a central department matters that were more of a mechanical nature, - auditing and statistical, it was workable, but if it goes beyond that then I think the protection and service

we are giving to the public is going to stop if you do carry it beyond that.

Q. I notice on page 16 that there is an estimate made of the combined annual expenditure of all provincial insurance departments, that it would not exceed \$130,000,00. Would that be the combined expenditure that would, in your view, have to be incurred by the provinces if the Federal Department were entirely eliminated? A. No, I have the figure there, I estimate an approximate addition of \$60,000. if that were to occur.

Q. So that something under \$200,000 in all would be required? A. Yes.

Q. And I believe in your statement here it is stated the present annual expenditure by the Federal Department is \$150,000? A. Approximately that, Sir.

THE CHAIRMAN: It is now one o'clock, Mr. St. Laurent. We will resume at 2.30.

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AFTERNOON SESSION

The Commission resumed at 2:30 P.M.

MR.ST.LAURENT: I have no further questions, Mr.Chairman.
Perhaps this might be marked as an exhibit?

MR. LANG: If Mr.St.Laurant has no more questions to ask Mr. McNairn --

MR.ST.LAURENT: No, not on the insurance brief.
There is another one, I understand, that Mr.McNairn has prepared.

MR.LANG: Yes, on the trust and loan companies?

MR.ST.LAURENT: Yes.

EXHIBIT NO. 321 Memorandum prepared by Insurance
Department

THE CHAIRMAN: There are a couple of questions, Mr. McNairn, I would like to ask.

MR.McNAIRN: Yes sir?

THE CHAIRMAN: Is the present arrangement working out satisfactorily, that is, where the Dominion registers the Dominion companies and such provincial companies as desire to register and inspects them, and the provinces look after the purely provincial companies and are responsible for the policy forms and agents' licences is that working out satisfactorily at the present time?

MR.McNAIRN: As I understand your question, sir, the Dominion is looking after the registration and auditing matters in connection with companies?

THE CHAIRMAN: Yes?

MR.McNAIRN: And the rest is in the hands of the provinces. That has been working out reasonably satisfactorily at the present time.

THE CHAIRMAN: You have suggested that it might be an economy if the Dominion vacated the field. You are aware that the life officers association represented to the

Commission that they thought it was in the public interest that the Dominion should have jurisdiction over the companies, save as to licensing of agents and the forms of policies?

MR.McNAIRN: I believe their submission, sir, was as to the licensing of agents and contracts, not as to the forms of policies.

THE CHAIRMAN: Yes. I suppose contracts would cover policy forms, would it not?

MR.McNAIRN: My feeling was that it did not cover policy forms, that the general rider on the bottom of their submission left the general supervision of insurance with the Dominion.

THE CHAIRMAN: Yes, it did. It left the general supervision with the Dominion but it excepted from that general supervision, as I recall it, the licensing of agents and the forms of insurance contracts. I should think the form of insurance contract would cover the form of policy.

MR.McNAIRN: That was contractual law as exemplified in the uniform life insurance act, reserved to law only, as I remember their submission. I read it very carefully.

THE CHAIRMAN: You might be correct, I do not recall the detail of it. You are aware, are you, that the life companies feel there is a great advantage, in connection with their foreign business, in having Dominion registration?

MR. McNAIRN: Yes.

THE CHAIRMAN: I know they have stressed that very strongly in representation to the Federal Government, and the Federal Government has undoubted jurisdiction over foreign companies coming into Canada, and British companies coming in also, to do business. What measure of control do you exercise over companies that are registered

with the Dominion at the present time, except as to licensing agents and forms of insurance contracts or policies?

MR.McNAIRN: Besides the actual law of contract we do exercise a certain amount of supervision over their policy forms and their general policy in connection with settling claims and so forth. I think that is really a very important subject of insurance supervision that should be with the provinces.

THE CHAIRMAN: Of course, they have the deposit got up. They must settle claims that are bone fide claims, otherwise there is access to the Courts to recover, is there not?

MR.McNAIRN: That is correct, sir, but in some instances - if I might give you one instance, the company has now withdrawn from Ontario so it is no longer important whether it is mentioned, - a Dominion registered company had a complaint laid against it because it was not settling claims within a reasonable time, claims where there was no defence entered. The claim was admitted, some liability was admitted, but still they would not pay, and kept putting off by excuses the actual payment of the claim. Our inspectors found that the company, which was a foreign company, had very few assets here in Canada, that they had been dissipated through payment of claims, and although there was a sufficient deposit at Ottawa to pay the claims, the company could not get its deposit back from Ottawa and was therefore delaying the payment of claims to policy holders pending the obtaining of new money through issuing new contracts, and the public was suffering through the delay. The Department interfered and the company thereupon got money over from its head office,

which it had not done before, due to the difference in foreign exchange at that time and the loss which they would incur.

THE CHAIRMAN: No action was brought by the policy holder against that company?

MR. McNAIRN: No, no action had been brought because the company acknowledged that there was liability, nevertheless kept delaying payment.

THE CHAIRMAN: Of course an acknowledgement of liability would not prevent action.. That would facilitate action and enable judgment to be recovered without delay.

MR. McNAIRN: That is quite right, sir, but in the ordinary course, examining the claims of the company, we found there were numerous outstanding claims and the whole difficulty was the general policy had been to delay and delay and I do not think it is in the interests of policy holders that that should be allowed in this province.

THE CHAIRMAN: No, that is true anywhere in Canada. Another point raised in some of the provinces was that while Ontario and Quebec may be well able to afford to establish and maintain insurance departments to cover the whole field, it would be unnecessary duplication of expense for the provinces that have not now got those departments to establish them.

MR. McNAIRN: That would not arise in any cases because the head office of the companies are located here in Ontario or Quebec. I think there are not more than half a dozen companies operating in more than one province with head office outside of our two provinces.

THE CHAIRMAN: That would mean they would have to accept, of course, the provincial inspection or provide their own.

MR.McNAIRN: The usual practice is that the supervision is maintained by the province where the head office of the company is located and the other province will come in and join the inspection where they desire.

THE CHAIRMAN: Thank you, Mr.McNairn.

MR.ST.LAURENT: The next might be perhaps the submission with respect to the supervision of loan companies and trust corporations?

THE CHAIRMAN: Yes.

MR.ST.LAURENT: You have set out on pages 2 and 3 of this memorandum, Mr.McNairn, a summary of the purposes of the federal act and of the provincial act?

MR.McNAIRN: Yes sir.

MR.ST.LAURENT: And your conclusion here also is that provincial supervision should be retained.

MR.McNAIRN: Yes, my conclusion there is that there is not much to be gained from a change in the present method of supervision.

MR.ST.LAURENT : That there is not actually duplication?

MR. McNAIRN: There is no real duplication that could not be remedied by cooperation, I do not think. As a matter of pure economy it would probably be best if the provinces did exercise complete jurisdiction over all companies within bounds, so far as Ontario is concerned. That might not work out so well with the other provinces but as far as Ontario is concerned it would work out because you would have the same standards and the same basis of protection for all companies in the province. And the responsibilities of the province, speaking of Ontario and Quebec, are much greater with respect to loan and trust companies than is the responsibility of the Dominion, in that we have more companies and with a

greater volume of business, with greater assets, with respect to provincial companies in Ontario and Quebec.

MR.ST.LAURENT: You have attached to this memorandum a summary statement of the position of the loan and trust companies in Ontario.

MR.McNAIRN: Yes sir.

THE CHAIRMAN: That is the schedule, is it?

MR.ST.LAURENT: The schedule showing four Dominion companies being loan corporations and ten Dominion companies being trust companies?

MR.McNAIRN: That is right, sir.

MR.ST.LAURENT: With eleven Ontario companies - that is companies having Ontario Provincial charter, as I understand it?

MR.McNAIRN: That is right, sir.

MR.ST.LAURENT: As loan corporations, and fourteen Ontario companies as trust companies. Does this conference of the superintendents of insurance also deal with the forms used for the reporting of the affairs of these loan corporations and trust companies?

MR. McNAIRN: No, we have not any association whereby we gather to forward uniformity in loan and trust matters. There is a difference in the form of return used by the provinces and that used by the Dominion. There has not been any effort generally to have one uniform return.

MR.ST.LAURENT: In Ontario it is the same office that deals with the insurance companies and with the trust and loan corporations?

MR.McNAIRN: That is correct.

MR.ST.LAURENT: Is that the same situation in the other provinces?

MR.McNAIRN: In some of the provinces, not all. I believe there is a separate department in British Columbia,

possibly in some of the other provinces.

MR.ST.LAURENT: And this conference of the superintendents of insurance has not had any occasion to deal with this matter of the trust companies and loan corporations?

MR.McNAIRN: No, the problems do not arise in loan and trust supervision that we have in insurance supervision. Loan and trust supervision is simply a question of auditing and annual returns.

MR.ST.LAURENT: Has it ever been brought to your notice that the companies found there was a multiplicity of various forms that they had to complete, both for statistical and other purposes?

MR.McNAIRN: Yes. I believe it was about a year ago that, at the instigation of the Ontario Department, a meeting was held of loan and trust representatives of the company, and a representative from the Dominion Department sat in, in an effort to obtain uniformity in our statement. We have not so far been able to reach an agreement on the statement to be used. But that is the main cause of dissatisfaction to the company in loan and trust matters, that difference in the statement required by the province and by the Dominion. With reference to the question of overlapping where inspections are concerned, it has been submitted to the Commission that some of the provincial departments do duplicate the Dominion inspection. As a general policy our department has never done that. In the course of the past five years we have examined four Dominion companies, but that has been for some special purpose or it was to obtain special information. It has not been a complete audit in any sense of the word. But we do examine completely a company when it first obtains licence in Ontario.

MR.ST.LAURENT: For the purpose of obtaining the first

licence there is a complete examination made?

MR.McNAIRN: Yes.

MR.ST.LAURENT: And that is not repeated from year to year?

MR.McNAIRN: No, we then accept the Dominion statement and our inspectors check the statement of the company as filed, and unless something unusual comes up from that we do not inspect the company.

MR.ST.LAURENT: With respect to the companies licensed or registered in some other province and also doing business in Ontario, is the audit conducted in the same way as with insurance companies, by co-operation?

MR.McNAIRN: I cannot say it has been, because as I understand it Quebec has not had the staff nor has it been carrying out the inspection of loan and trust companies there to the same extent as we have.

MR.ST.LAURENT: So you have felt it necessary to make your own inspection of Quebec companies operating in Ontario?

MR.McNAIRN: Yes sir, with the agreement of the Quebec Department.

MR.ST.LAURENT: Yes, I understand. May this be filed as an exhibit, sir?

THE CHAIRMAN: Yes, exhibit 322.

EXHIBIT NO. 322- Memorandum with respect to loan companies and trust corporations.

THE CHAIRMAN: Perhaps it would be convenient at this point to take up any further matters in your Department, Mr.Conant?

HON. MR.CONANT: Mr.Chaiman, I think under the heading of my department is the administration of justice. It does not seem that there would be anything arising out of that. The practice and procedure as between the federal

jurisdiction and the provincial jurisdiction is narrated there very briefly. However, if there is anything that occurs to the Commission on which they might require explanation, I would be glad to give it.

THE CHAIRMAN: Just a couple of points, Mr. Conant. In one or two of the provinces it was suggested that there was some overlapping in connection with the enforcement of federal laws within the province, federal laws that related to customs and excise and so on. As I understand it, and as it appears from the record here, the federal laws relating to revenue are enforced by the federal police?

HON. MR. CONANT: Yes, Mr. Chairman.

THE CHAIRMAN: And if prosecutions are instituted in respect to breaches of the revenue laws, those prosecutions are conducted by counsel appointed by the federal department of justice?

HON. MR. CONANT: Yes, Mr. Chairman.

THE CHAIRMAN: I have no doubt that is very old, probably as old as Confederation. Is there any reason in particular why the provinces should not administer the federal revenue laws, just the same as they administer any other laws?

HON. MR. CONANT: Well, Mr. Chairman, the chief difficulty that would arise, and I speak more from actual experience in the field than I do as head of a department now, would be in the compensation I imagine. Our law enforcement, of course, is undertaken by local crown attorneys and we have a fairly uniform system and standard methods of arriving at compensation. But if the federal enactment or the federal legislation were put under the same jurisdiction, it could, of course, I submit, be dealt with even more effectively

than it is under the present system. The only difficulty that would arise would be the question of how to take care of the expense involved, but subject to that the Crown officials throughout the province could very well administer and prosecute infringements of the federal laws .

THE CHAIRMAN: How many different federal laws are now enforced by the federal police rather than the provincial police?

HON. MR.CONANT: The ones that occur to me offhand are the revenue laws, customs and excise, narcotic drug act and the immigration laws. There are some things in connection with the Indian Act, but they are not very frequent. I think the revenue laws, customs and excise, narcotic drugs, immigration, encompasses most of it.

THE CHAIRMAN: Narcotic drugs enforcement is rather in the nature of criminal law, is it not?

HON. MR.CONANT: Yes, it is treated differently, though. Those are prosecuted usually under the Narcotic Drug Act by the Federal representative.

THE CHAIRMAN: Do you know at all how long that has been the practice, Mr.Conant?

HON. MR.CONANT: No, I am not sure. I think it dates back quite a few years though. In fact, I do not think there has been any other arrangement since Confederation. At least if there has been I have never had it brought to my attention, whereby the prosecution of enforcement of the federal laws has been part of the administration machinery of the provinces.

THE CHAIRMAN: Of course the enforcement, other than these particular federal laws falls within the province?

HON. MR.CONANT: Of course, the criminal code is the

outstanding legislation or legislative provision that we do enforce through our officers.

THE CHAIRMAN: The other question drawn to our attention in two or three provinces was whether there would not be equality by having a single police force for the Dominion and the provinces? Of course you have to have your municipal police in cities and so on. What is your view on that, Mr. Conant?

HON. MR. CONANT: Well, Mr. Chairman, that of course is a rather large question. I am inclined to think that there are more issues or questions involved in that than economy alone. That is very fundamental and necessary in our whole scheme of peace, order and good government. And as you are aware, Mr. Chairman, the federal police now in this province, at any rate, only deal with the federal enactments, and although there is co-operation to the extent that when the provincial men know of a violation they communicate it to the federal officers, and I imagine there is some information communicated the other way, but while there might be some saving in it, I doubt if it would begin to compensate for the security that is represented by a provincial police force immediately available and necessary, vitally necessary to maintain, as I said, the peace, order and good government of the province.

THE CHAIRMAN: Then, this statement will be filed as exhibit 323.

MR. ST. LAURENT: Before marking that, Mr. Chairman, there is another short statement in the bound book with respect to insurance that might perhaps be marked exhibit 323.

COMMISSIONER MacKAY: In those provinces, Mr. Conant, where arrangements are made for single police administration,

as I understand it the system is that the provincial attorney-general's department is in charge of all police administration, making a contract with the Dominion Government really for policing services.

HON. MR. CONANT: Yes, I have understood that there is some such arrangement as that, but of course we have never experienced it and never contemplated it. I would hesitate to express any opinion, any more than that dual control usually is not a satisfactory arrangement.

COMMISSIONER MacKAY: I understand it really is not dual control, that they are really under the complete direction of the provincial attorney-general's department.

HON. MR. CONANT: Yes. May I suggest, however, there would be dual control to this extent, that the personnel of the staff would be determined by the federal authorities.

COMMISSIONER MacKAY: Yes.

HON. MR. CONANT: And I would doubt, over the years, whether that would work satisfactorily, Mr. Commissioner.

THE CHAIRMAN: There is a statement on insurance in the larger brief?

MR. ST. LAURENT: Yes, it is just a short statement of the views, I take it, of the Ontario Government in that regard.

"The Government believes that the supervision of insurance companies and the regulation of contracts of insurance and the business of insurance can best be undertaken in the public interest by the several provinces exclusively. This important function of government is one which has always been undertaken satisfactorily by the several states of the United States without the intervention

or assistance of the federal government.

It is a function which the Judicial Committee of the Privy Council has said was within the exclusive jurisdiction of the Canadian provinces.

It is submitted that the best and most effective way for the long existing controversy between the Dominion and the provinces in insurance matters to be settled is to repeal the existing federal insurance statutes and leave the field free to the provinces. Any alternative involves an amendment to the British North America Act, 1867, and the surrender of some of the rights of the provinces - alternatives which would be unacceptable to the province of Ontario."

That is really the conclusion, I take it, following from the exhibits submitted as 321 and 322.

THE CHAIRMAN: That will be exhibit 323.

MR.ST.LAURENT: The other, with respect to the Honourable the Attorney-General's Department will be exhibit 324.

<u>EXHIBIT NO. 323 -</u>	Conclusions of Government of Ontario with respect to insurance matters.
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<u>EXHIBIT NO. 324 -</u>	Memorandum with respect to Attorney-General's Department
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THE CHAIRMAN: Then, the next, I think, on my list is the fisheries.

MR.LANG: Might I ask that one word in the filed statement be changed, on the last page dealing with fisheries? Page 6, the second last page in the bound memorandum, in the first line of the second paragraph: "No doubt the maintenance of indigent Indians". It is an unfortunate mistake.

In this statement, Mr.Chairman, there is set out

pretty fully the jurisdiction of the province.

THE CHAIRMAN: I do not think any trouble has arisen in connection with fisheries. The Dominion makes the regulations and the province administers the law?

MR.LANG: Precisely. And they have had no difficulty they tell me, my Lord.

EXHIBIT NO. 325 - Memorandum with respect to fisheries.

THE CHAIRMAN: Then let us come to forestry or Crown lands.

MR.LANG: It is in a separate document. It is mimeographed.

THE CHAIRMAN: Yes, I have it, thank you.

MR.LANG: In this memorandum it concludes in these words at the bottom of the second page: "From the above it is quite apparent that there is no overlapping in the work of the provincial services and those of the Dominion". Mr.Cain is here and he will be glad to answer any questions. First of all I think Mr.Cain might explain to us the statement that I produced this morning in connection with unoccupied lands. The difficulty in connection with that, Mr.Cain, was that we were attempting to take the total area and add up the other items and make them equal, but we could not do it. Possibly you could explain that?

MR.CAIN: There was no desire or intention, Mr. Chairman, to make provision whereby the summary in a horizontal way should be equivalent to the summary in a vertical way. I was under the impression, when I was hurriedly called a day or two ago to provide these figures that you were largely interested in acquiring from us approximately the unoccupied available agricultural

suitable land.

THE CHAIRMAN: That is correct, Mr. Cain, but I may be responsible for the trouble. I have a mathematical bent, and I started out with the total area and then I tried to reconcile the other figures with it and found I could not do that.

MR. CAIN: I quite appreciate that. The first figure attempts to give the total mileage in each and every judicial district. And having in mind the prime purpose that I thought, Mr. Chairman, you had in view, I undertood to attempt to take from those figures a certain percentage that might be deemed forest area and also agriculturally fit area, along with the latter that would be generally speaking accessible, because the second figure there, for instance, under forest area, in any one of the particular districts, would include the figures in the third column which are pulp concessions, and portions of the pulp concessions may not by themselves be considered fit for farming purposes, but it is very questionable as to whether or not we should undertake in any wholesale manner to depreciate or to exclude from these areas land that could be used for farming purposes, particularly when we do feel that the retention of the forest areas from a purely productive point of view would be in the long run more economical and more reasonable, having in mind the balance of industrial activity with colonization activities.

THE CHAIRMAN: Referring to the accessible Crown agricultural land I see it is pretty well distributed over the different districts. Is much of this land near existing settlement?

MR. CAIN: Even the accessible acreage that we point out there does not mean that it is immediately traversed

by the railways or it is accessible by roads, but it means that a portion of it is already accessible by railroads or a portion of it in part accessible by roads, but a big percentage of it that would be made accessible by the extension of the present road system.

THE CHAIRMAN: May I say quite frankly my view in asking the question? The question has been raised with us in the Western provinces, not only the present economy but the probable future development, and that raised the question of the areas of agricultural land suitable for settlement and still unsettled, and it occurred to me we might have quite an area of such land down in old Ontario.

MR.CAIN: Well, I did not deal with old Ontario at all, Mr.Chairman.

THE CHAIRMAN: No, I am not speaking of old Ontario as distinct from new Ontario, but old Ontario in the sense of the relation to the newer provinces.

MR.CAIN: Yes, just so, I see.

THE CHAIRMAN: How far is this land being settled now, Mr.Cain? Is there any settlement of this particular land?

MR.CAIN: No, there is no present active settlement, save and except to the extent that the sons of native citizens of Ontario or of other provinces may from time to time apply for and receive land under the public lands act and our regulations in the different parts of the province; that is, in the different districts that I have mentioned there.

THE CHAIRMAN: I suppose a number of those newer farms are farms on which the settler gets a certain amount of wood and cuts that as a means of subsistence, markets

it, such as pulp wood, while he is settling himself on the land?

MR. CAIN: Quite right, Mr. Chairman. Under fixed rules and regulations the settler, when he acquires land from the Crown, is required to cut only a percentage of wood or timber as the case may be in proportion to the acreage of land that he clears and puts under cultivation. And after he fulfils his obligations in respect to the clearing and improving of the land and cultivating it and at the same time meets the residential duties, he is entitled to his patent and that patent carries with it everything, surface rights as well as mineral rights.

THE CHAIRMAN: Without binding anybody, Mr. Cain, do you look forward to any substantial increase in agricultural settlement in the near future in these areas?

MR. CAIN: Not in the near future unless by some fortuitous means or otherwise the native population of Ontario would increase unexpectedly or that the immigration laws would be loosened and the policy of the Government would be to admit foreigners into taking up and occupying vacant lands of the province.

THE CHAIRMAN: Has any soil survey been made of those lands in these northern districts?

MR. CAIN: No technical soil surveys. This agricultural area has just been deemed to be fit, having in mind the general observations that are made by our various outside officers from time to time, and the general results attained by those who have undertaken to take land within the regions, and the results they have to a large extent attained by their efforts in the development.

THE CHAIRMAN: Have the farmers been pretty successful in these newer areas?

MR. CAIN: In some sections they have been fairly successful, but one of our great difficulties has been, as it has always been in the past in all new countries, to keep out what we usually or colloquially term, "the timber farmer". Unless one has a police constable at every lot, almost, it is very difficult to enforce the regulation. I might say that during the last decade there has been greater respect for the land regulations than hitherto. We are having little trouble, I readily admit, to-day with regard to the enforcement of our timber and land regulations.

THE CHAIRMAN: Is there any considerable settlement around Hearst?

MR. CAIN: There is a very nice settlement about Hearst, immediately east of Hearst, between Hearst and Cochrane there is a very important settlement. It has proceeded more rapidly since the transcontinental traversed that area. If I recall correctly, it was 1913 or 1914 when construction was completed and immediately thereafter there was, more or less of an impetus to land settlement in that section.

THE CHAIRMAN: The cessation of traffic on the Grand Trunk Pacific has not affected settlement there, has it?

MR. CAIN: Not at all, because the area traversed by the Transcontinental line east of Hearst is out of what we generally term the northern Clay Belt. Generally speaking, you might deem fully 90 per cent of it is agricultural land. At the same time the profitable production there has been in the pulpwood operations.

THE CHAIRMAN: How far west does the Clay Belt extend?

MR. CAIN: That Clay Belt is confined to an area some miles west of Hearst, between Hearst and the Nipigon Forest Reserve which is in the Thunder Bay district.

THE CHAIRMAN: Then it runs over to the Quebec boundary, does it?

MR. CAIN: It runs through directly to the Quebec boundary through the Cochrane district and contiguous to the Kapuskasing district.

THE CHAIRMAN: The Kapuskasing experimental farm results would indicate that good crops can be grown in that district.

MR. CAIN: Yes, the results attained at the Dominion experimental farm at Kapuskasing, which I think was started around wartime, indicates quite clearly the ability of the soil to produce.

THE CHAIRMAN: Just a question on the timber areas; how far is reforestation being carried out at the present time, or is reforestation being allowed to continue naturally?

MR. CAIN: Our reforestation programme has been - rather exclusively, what I might term an outstanding educational campaign. We believed it was impossible to put into effect such a campaign or to carry out to any great extent a reforestation policy, unless and until you had men at the disposal of the government. The first forest station this government established was in 1909 in the county of Norfolk, at St. Williams. In passing, I have reasonable grounds for the belief that it is one of the finest plantations existing in the world to-day. I do not say that of my own accord, because, I recall back as far as 1923 when the British Empire Forestry Commission held its conference in Canada, the then chairman of that Commission, Lord Lovett, expressed an opinion that he would not admit it was the finest station he had ever seen because he was interested in some very fine ones in Scotland. He, nevertheless, claimed it was

the second best, at any rate.

THE CHAIRMAN: Next to the Scotch ones, I surmise?

MR. CAIN: Then we have another station at Midland in the county of Simcoe, another one at Orono in the county of Durham. From these main stations are purchased from 12,000,000 to 15,000,000 seedlings annually.

THE CHAIRMAN: How far are farmers taking advantage of this offer and planting trees?

MR. CAIN: Last year we had applications from approximately seven thousand persons all of whom accepted the privilege of securing these seedlings and the opportunity to plant them.

THE CHAIRMAN: Have you any idea how many trees were planted?

MR. CAIN: I think, in 1936, in the province of Ontario, there were over 10,000,000. I might add that a good percentage of those trees were planted on what we call municipal plantations. The principal municipalities, about one dozen in all, have entered into an agreement with the Crown whereby the municipality is required to purchase from 800 to 1,000 acres of land. Then, by this agreement, the Crown provides the seedlings and does the planting. It provides that after a period of thirty years, any one of three options may be accepted. The county or municipality may equalize the amount by paying to the Crown any debt and quite often a certain amount for expenses in connection with planting. Second, the government may take it over in its entirety by compensating the municipalities for their capital investment, plus other expenses. Third, both the municipality and the Crown may enter into a joint arrangement whereby the plantation may be carried on, both becoming direct beneficiaries by the arrangement.

THE CHAIRMAN: There is some provision in the Assessment Act whereby timber areas are allowed a reduction if they are fenced, is there not?

MR. CAIN: There is a provision whereby 10 per cent, up to 200 acres, that is 20 acres may be actually exempted providing it is used for reforestation purposes .

THE CHAIRMAN: Coming to the timber areas in the north, how far is nature restoring the timber areas, especially in the pulp areas where pulpwood has been cut?

MR. CAIN: Our officers feel that artificial reforestation should be confined to the old, barren, areas, in old Ontario or in such sections of Northern Ontario which readily adapt themselves to artificial plantation. It is felt that, with respect to the natural forests, nature should be allowed to regenerate. The opinion is held that if the greatest menace is kept out, that is, fire, nature will look after the rest. Our fire protection system has been developed well. It is very expensive, but it is nevertheless, I believe, economically handled and it is well worth anything we spend upon it as out and out insurance against the ravages of fire.

THE CHAIRMAN: Thank you very much, Mr. Cain.

MR. ST. LAURENT: Before marking that as an exhibit, there is one more in the bound book from the office of the Fire Marshall which might, perhaps, be marked as exhibit 326.

EXHIBIT NO. 326: Memo from the office
of the Fire Marshall.

COMMISSIONER MacKAY: Is there any reason why the province could not perform the functions now performed by the Dominion in the matters of entymology and photography

MR. CAIN: There is no reason why the province should not do it, but I do not see the necessity for doing

it. There is absolutely no overlapping in respect of the experimental work which is being done at the present time. It is only in the survey work that there may be any overlapping, and there is really no overlapping at that point. The Dominion does photographic work and the province does photographic work. The province informs the Dominion what it has done and the results of what it has done and the Dominion supplies the same information to the province. All this work is of direct value.

COMMISSIONER MacKAY: There is no overlapping, then, in respect of research, either?

MR. CAIN: There is no overlapping insofar as our department is concerned. There may be an occasional confliction of opinion or a difference in the local understanding as to ownership or some such thing, but these differences are of such minor importance that some day, I hope, by conferences between the departments they can be entirely removed.

COMMISSIONER MacKAY: The present divisions of functions is satisfactory to the province, is it?

MR. CAIN: It is satisfactory so far as the province is concerned, due to the fact that the province owns, operates and controls its entire forest area. There is absolutely no overlapping of the forest services necessary to administer these forests.

THE CHAIRMAN: What exhibit number was the statement from the office of the Fire Marshall?

MR. ST. LAURENT: It was exhibit number 326.

THE CHAIRMAN: This statement will be exhibit number 327.

EXHIBIT NO. 327: Memo: re lands and forests.

MR. ST. LAURENT: There is another statment here with respect to forestry which may be marked as exhibit number 328.

EXHIBIT NO. 328: Second memo re forestry.

THE CHAIRMAN: That covers our examination into the question of overlapping. We have not discovered very much so far, that seems to be the result of the evidence everywhere, as far as we have gone.

Now, Mr. Lang, we were going to start, as I understand it, at page one of book two.

MR. LANG: I think, Mr. Chairman, I can dispose of this portion of the statement quite briefly.

In doing so, I do not want to appear to be minimizing the emphasis we may wish to put on anything which is contained in those first three topics.

The first topic is the social and economic background. This is largely historical and it does not attempt to describe, at length, the circumstances of Canadian development, but it draws attention to some of the outstanding characteristics. As we point out:

"The basic unity of Canada is not merely economic. It has its political and cultural basis, too. A common allegiance to the British Crown, that symbol of the free unity of a great group of democratic peoples, a common inheritance of similar political institutions, a common pride in our history and belief in our future, conspire to make the term "Canadian" a living and inspiring reality from coast to coast.

Canada thus presents a paradox of unity and diversity, and the necessary political counterpart of this paradox is federalism. Economic diversity, difference of race and culture, and sheer size

"insist upon regional self-government. Common allegiance and an underlying unity demand a national government."

In the next paragraph, we deal with some of the problems which, as we say, appear on their face to be similar.

An examination of most of these problems reveals important differences in their origin and in the proper approach to their solution.

Quoting from the brief:

"The nature of the unemployment problem in Nova Scotia is not the same as the nature of the problem in Ontario or in Alberta. Problems of health arise in each province as do problems of education; but that is no reason why the central government should control either. Agricultural distress in Ontario or British Columbia calls for different treatment from similar distress in Quebec or Manitoba. People grow old wherever they live, but that in itself is not a reason for a uniform old age pension scheme for the whole of Canada."

What I have in mind there is that the old age pension is an industrial and urban problem rather than a general problem.

THE CHAIRMAN: I think in the figures which were given the other day, it was pointed out that there was a larger percentage of the people over seventy in some of the non-industrial provinces receiving pensions than in the industrial provinces.

MR. LANG: That is quite true, I appreciate that. At the same time, it was pointed out that there is a lack of uniformity in the administration of those Acts. It may be that those figures do not reflect the real

position so far as qualification is concerned. There might be some difference if a uniform standard were put into effect.

"Some recent proposals, for example those of Manitoba, Saskatchewan, and Nova Scotia, would in effect destroy the whole federal principle--"

What I am suggesting at this point is that if, as is suggested for instance in the Manitoba statement that the Dominion government share half the cost of mothers' allowances, hospitals and the care of the mentally afflicted as well as technical education and many other things and take the full responsibility for old age pensions, unemployment insurance, the collection of succession duties, take over part of the provincial debt and the revision of present debt, that combination of circumstances suggest that there would result such rigid control and central authority not consistent with the federal principle as we know it in Canada. Such is our submission.

Quoting from the brief:

"A strong and united Canada can never be built upon an over-centralized bureaucracy. It can be built only upon a broad division of powers based upon mutual agreement, and effectually exercised by governments each strong and well-equipped in its own sphere."

The next part is, "The nature and purpose of Canadian federalism." This has been dealt with at length in other statements. In what I have written here, we do no more than emphasize some of the characteristics of our constitution which demonstrate that the union of the provinces is, as has been said, "federalism through and through."

THE CHAIRMAN: That depends on what is meant by "federalism". I think Lord Haldane in two or three of his judgments draws a distinction between two views and says that Canada is not pure federalism, but is only a modified form of federalism. The United States is an example of complete federalism, where the states retained their position but surrendered certain powers to the federal government. He compares that to our constitution which he says is a modified form of federalism.

MR. LANG: He was discussing really what some of the academicians were calling Confederation as against federation, that is what it amounted to.

THE CHAIRMAN: The particular passage which I have in mind is the case where he contrasted the Australian constitution with the Canadian constitution.

MR. LANG: Yes, I think he did that.

THE CHAIRMAN: He pointed out that the fundamental difference in the Australian constitution is in the fact that the reserve power lies with the states, whereas in Canada the reserve power is with the federal government. He described that as a modified form of federalism. I only mention it when you say, "federalism through and through."

MR. LANG: There is quoted there one of the phrases-- I did not know it at the time, but I should have noticed it.

Then, in the next paragraph I deal with the confliction of the union. I do not think I need to go through that except that I might point out an interesting fact. As far back as 1838, in Upper Canada, there were suggestions made with reference to some form of union of the North American Colonies. Lord Durham referred to it in his report. Then I discuss, following that, the sequence of

events which culminated in the British North America Act.

Now, I ~~might~~ read this because it appears that;

"There were undoubtedly wide differences of opinion among the framers of the Quebec resolutions as to whether the underlying principle should be such as to give the largest powers to the local governments and merely delegated authority to the general government or to make the local governments subordinate to the general government. Whatever may have been the real aim of the proponents of the Union, the Privy Council has, in general, held that the interpretation of this part of our constitution must be from the point of view of a Statute, so that the views of the Fathers of Confederation as to the terminology to be applied in describing the basis of union or as to what they considered was the real basis of union, have no bearing on the matter of interpretation. In that statute and in the decisions under it, the nature of Canadian federalism is to be found."

Then I refer to the case of Edwards v. Attorney General of Canada where Lord Sankey said,"

"The question is not what may ^{be} supposed to have been intended but what has been said.

The provincial legislature is not a delegation from the Imperial Parliament nor from the Dominion Parliament."

THE CHAIRMAN: That is quite clear.

MR. LANG: The provinces remain independent and autonomous. I think there is sound authority for that statement.

THE CHAIRMAN: It just depends again on the meaning you attach to "independent and autonomous". The old

province of Canada passed out of existence. It was merged in the Dominion and then it was subdivided into the four provinces. You will recall the terms of the section of the Act of which, I think, sometimes people lose sight.

By section three:

"On and after this day the three provinces shall form to be one Dominion under the name Canada.----- Canada shall be divided into four provinces."

There was a combination and then a statutory division.

MR. LANG: I think in that connection it should be pointed out that the B.N.A. Act was not, one might say, an innovation so far as appeared from the merging of parliaments. Provinces were invested with wide powers, but it was the disposal of the totality of the powers, the way the Act set that out, which was its outstanding characteristic.

THE CHAIRMAN: Yes, all the power of government all over Canada was vested either in the Dominion or in the province, the totality of power rests there.

MR. LANG: Yes, then I refer to the aspect of the carefully balanced constitution. Reference is made to the case of the Bank of Toronto v. Lambe and the statement made by Lord Hobhouse.

THE CHAIRMAN: In that quotation from the Bank of Toronto v. Lambe, how do you interpret, "Their Lordships have to construe the express words of an Act of Parliament which makes an elaborate distribution of the whole field of legislative authority between two legislative bodies and at the same time provides for the federated provinces a carefully balanced constitution under which no one of the parts can pass laws for itself except under the control

of the whole acting through the Governor General".

What do you think that has reference to, Mr. Lang?

MR. LANG: I should say, in the first place, it is generally referring to the distribution of powers, of course. Then, I think, it is stressing the powers of disallowance which were left with the Governor General.

THE CHAIRMAN: I think that must be the reference,

"A carefully balanced constitution under which no one of the parts can pass laws for itself except under control of the whole acting through the Governor General,"

That would seem to suggest a larger measure of control by the federal government over the provincial than has been exercised in the last forty or fifty years.

MR. LANG: That is quite right. Just there, too, I think that sentence has to be read with this in mind; if that is the correct way to interpret it, it also involves the power of disallowance in England, because that was involved as well.

THE CHAIRMAN: He does not deal with that in this section at all, he is only dealing with that one phase of it.

MR. LANG: But I say we must consider them both, as a matter of balance.

THE CHAIRMAN: The Supreme Court takes a different view on that question.

MR. LANG: I know, the one still exists but the other does not.

Then I refer to the Statute of Westminster and I refer particularly to sub-section three of section seven. This is the important section so far as the provinces are concerned inasmuch as it makes it clear that the power conferred by this Act upon the Parliament of Canada, I

am quoting now from the brief--

"--or upon the legislatures of the provinces shall be restricted to the enactment of laws in relation to matters within the competence of the Parliament of Canada or of any of the legislatures of the provinces respectively. "

I thought that should be brought out as being an important item of the federal system.

THE CHAIRMAN: Yes, it is.

MR. LANG: In the Aeronautics Case, there is a reference to Lord Sankey's statement that:

"Inasmuch as the Act embodies a compromise under which the original provinces agreed to federate, it is important to keep in mind that the preservation of the rights of minorities was a condition upon which such minorities entered into the federation, and the foundation upon which the whole structure was subsequently erected."

In the latter part of the quotation is a part which is widely quoted and of course has been in other submissions.

"The process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original contract upon which the federation was founded nor is it legitimate that any judicial construction of the provisions of sub-sections 91 and 92 should impose a new and different contract upon the federating bodies. But while the Courts should be jealous in upholding the charter of the provinces as enacted in section 92, it must no less be borne in mind that the real object of the Act was to give the central government those high functions and almost

"sovereign powers by which uniformity of legislation might be secured on all questions which were of common concern to all provinces as members of a constituent whole."

THE CHAIRMAN: That is part of the Manitoba brief, is it not?

MR. LANG: I was tempted to quote only part of that, but I could not do that. I think the important words in the last part, if I might say so, are the two words "common interest". After all that is the pith and substance of it.

THE CHAIRMAN: Oh yes, that is true.

MR. LANG: Then I quote the statement made by Mr. Edwards, Deputy Minister of Justice, which I think is important in enabling us to look practically at the change which came about in 1867.

"In my view what happened in Confederation was that certain peoples who had their then form of government were desirous of exchanging that form of government for another form of government which is set out in the B.N.A. Act; that they voluntarily--there were certain minor protests which were not recognized--they voluntarily agreed to accept the new constitution; and they and the Dominion are bound by the terms of that constitution as it stands to-day."

Then, in conclusion:

"The union of the provinces as a Canadian federation was the result of agreement between them and the terms of the union are set forth in the British North America Act. Our constitution is a balanced one between centralization and de-

"centralization. "

It is submitted it is as important to-day as it was in 1867.

THE CHAIRMAN: Of course, what the prairie provinces said, Mr. Lang, was that what the Fathers of Confederation intended and what they say the Supreme Court in its earlier decision decided, are two very different things. This was the result of a series of decisions in the last forty years. That was the contention of these provinces and their contention was that we should get back to the original, as I recall it.

MR. LANG: Well, if I might, at this point, I would just refer to a sentence on page twelve in that connection. In the last paragraph on page 12,

"There has been a great deal of discussion and comment on the decisions on these sections of the Act, their trend and so on and their effect on contemporary problems. "

Now, I might say right there, that I am not suggesting that there is still that distrust which the great Maitland said there was between a practising lawyer and an academic lawyer. However, I find most of the volumes written in this vein come from academicians, not from practising lawyers.

THE CHAIRMAN: I think all legal professors do more writing, in general, than practising lawyers.

MR. LANG: Possibly that is right. I am not suggesting practising lawyers know more about it, but I wanted to bring that out.

THE CHAIRMAN: I think the general observation which you have made is correct, Mr. Lang.

MR. LANG: Quoting from the brief:

"The approach has generally been from the stand-

"point of what the critic's view is as to where jurisdiction should rest, in the light of present conditions in Canada, and the criticisms involve the terms of the Act itself as well as the decisions under it. The problem is basically a financial one rather than a constitutional one and the increasing attention paid to it due to the financial difficulties of the provinces and the necessity for supplying additional social services. Submissions have been made to you that the solution of the problems under discussion lies in increasing the jurisdiction of the Dominion government."

If I might just go back now, I thought it proper to mention that at this point.

We return to the second subject, "Ontario and its place in Confederation", I do not think I need to read any part of it. I think we have given it in detail in our financial statement.

THE CHAIRMAN: Yes, I think that is true.

MR. LANG: Mr. Taylor dealt with the table on page eight and Mr. Taylor dealt with the question of the monies loaned, the farm mortgages in the west and so on.

THE CHAIRMAN: He dealt with earned and unearned income, did he?

MR. LANG: Yes, there is one paragraph on page seven, I think we should note. It has not been touched upon in anything we have said. It deals with the rural depopulation which took place in this province back in the nineteen hundreds.

THE CHAIRMAN: You are not charging that as a deficit against the western tariff rates?

MR. LANG: No, My Lord, we would not suggest anything like that.

THE CHAIRMAN: It is a very important fact and I mentioned it once in the course of the hearings in the west. There has been much migration from the central section of Ontario and rural depopulation.

MR. LANG: On page seven, paragraph three:

"During the thirty years from 1881 to 1911 about 300,000 Ontario-born people settled permanently in the western provinces. In 1901, 121,500 or 20.5 per cent of the population of the west were Ontario-born--"

COMMISSIONER DAFOE: Mr. Lang, if the west had not been opened up, do you not think a considerable percentage of those people would have gone to Iowa, Minnesota and the Dakotas?

MR. LANG: Well that is a matter of speculation, of course.

COMMISSIONER DAFOE: They were pouring into those states in the eighties and nineties, just as the generation earlier had poured into Michigan. That is a little account in favour of the west.

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MR. WALTERS: And many moved over into Alberta and Saskatchewan.

COMMISSIONER DAFOE: Yes, they came in later.

MR. WALTERS: Mr. Gardiner in 1927 said that the debt the West owed Ontario could never be paid.

MR. LANG: My point, Mr. Chairman, is not to suggest that they would not have gone somewhere else, but my point is simply that they went away and left Ontario; and by going away from Ontario that created a problem in Ontario, whatever they may have done where they went.

COMMISSIONER DAFOE: The problem as you stated is tied up with western development. All I am saying is that the people of Ontario were looking for new homes at that time, and before the Canadian West was opened up they went in shoals to Michigan, Iowa, Minnesota and North Dakota. There are parts of Dakota, which twenty-five years ago, had about as large a proportion of Ontario settlers as parts of Manitoba. There are many towns and cities in North Dakota with Ontario names. So that I think the opening up of the Canadian West saved for Canada a good many people who otherwise would have been lost. Of course, in respect to what Mr. Walters said, that the West could never repay its debt to Ontario, that statement will be agreed to by everyone like myself, who, being Ontario born, found a career in the west.

MR. LANG: Well, you could likely make a very fine argument along those lines. Might I say that in the part of the country where I was born, there was undoubtedly a large emigration from that part to Michigan at one time, but my recollection is practically all those families came back later; some of them stayed, I think, but my recollection is, amongst those I knew, growing up, their forbears had been in Michigan, and had come back.

COMMISSIONER DAFOE: There are a lot of them there yet, because I know from personal knowledge.

MR. LANG: The next chapter deals with the Constitutional Basis of the Division of Powers, on page 10.

"The division of legislative power as between the Dominion Parliament and the Provincial Legislatures as set forth in Sections 91, 92, 93 and 95 of the Act. Sections 93 and 95 deal specifically with education, agriculture and immigration and it is largely in relation to other subject matters that extensive litigation developed. Sir John A. MacDonald said he hoped the division of powers was so clear that all conflict of jurisdiction and authority would be avoided."

THE CHAIRMAN: What faith those men had.

MR. LANG: Yes, indeed, Sir.

"However, in the operation of the Act his hopes were not realized, and the question of the division of power under 91 and 92 (which has been called the tantalizing central problem of federation) has been the subject of numerous judicial decisions, the most important of which have been referred to in submissions already made to you. That there would have to be judicial interpretation of sections of this kind from time to time might, we submit, have reasonably been expected by the framers of them, especially where the demarcation of the limits of fields of taxation is involved. The enumeration of the powers is general in its nature; the lists necessarily overlap, and the courts have deemed it unwise to attempt exhaustive definitions in the two fields of jurisdiction."

I make reference to the John Deere case, which deals with that, I think, rather well. I shall not read that

section there, but turning to page 11, the third sentence His Lordship says:

"An abstract logical definition of their scope is not only, having regard to the context of the 91st and 92nd sections of the Act, impracticable, but is certain, if attempted, to cause embarrassment and possible injustice in future cases."

And that has been the policy which has been pursued. In the same paragraph in the Parsons case, Sir Montague Smith states in reference to conflict:

"It could not have been the intention that a conflict should exist; and in order to prevent such a result, the two sections (91 and 92) must be read together and the language of one interpreted and where necessary, modified by that of the other. In this way it may, in most cases, be found possible to arrive at a reasonable and practical construction of the language of the sections so as to reconcile the respective powers they contain, and give effect to all of them.

These sections cover all matters properly the subject of any legislation within Canada, whether provincial or dominion, and exhaust the whole range of self-government."

And there I refer to the Attorney General for Ontario v. Attorney General for Canada (1912) Appeal cases. Now, coming to the next paragraph:

"Under section 91, head 3, the Dominion is given the power for the 'raising of money by any mode or system of taxation' and under section 92, head 2, a province may exclusively 'make laws in relation to 'direct taxation within the province in order to the raising of revenue for provincial pur-

poses', and under head 9, in relation to 'shop, saloon, tavern, auctioneer, and other licenses in order to the raising of a revenue for provincial, local, or municipal purposes."

I refer then to the case of Attorney General of Canada v. Attorney General of Ontario (1898 Appeal cases). That was a fishery license case, and I think it is interesting the way it deals with the conflict. Lord Herschell says at page 773:

"It is true that by virtue of section 92, the Provincial Legislature may impose the obligation to obtain a license in order to raise a revenue for provincial purposes; but this cannot in their Lordships opinion derogate from the taxing power of the Dominion Parliament to which they have already called attention. Their Lordships are quite sensible of the possible inconveniences, to which attention was called in the course of the arguments, which might arise from the exercise of the right of imposing taxation in respect of the same subject matter and within the same area by different authorities. They have no doubt, however, that these would be obviated in practice by the good sense of the legislatures concerned."

THE CHAIRMAN: He took the hopeful view also.

MR. LANG: Yes, My Lord, he did.

"The necessity for great care in determining the respective jurisdictions is strikingly pointed out by Lord Watson in Attorney General of Ontario v. Attorney General for the Dominion (1896) A.C. 348 at 360 where he says '...the exercise of legislative power by the Parliament of Canada in regard to all matters not enumerated in section 91 ought to be

strictly confined to such matters as are unquestionably of Canadian interest and importance... To attach any other construction to the general power which in supplement of its enumerated powers is conferred on the Parliament of Canada by section 91 would in their Lordships opinion not only be contrary to the intendment of the act but would practically destroy the autonomy of the Provinces. "

THE CHAIRMAN: That has been carried still further now, Mr. Lang, except in a few cases; that power is only available in the case of national emergency.

MR. LANG: Yes, that is what it amounts to now.

THE CHAIRMAN: Of course, you are perfectly correct in saying we are bound by what the courts have said, but it is very difficult to think that the Fathers of Confederation had in mind, in view of the debates on that general clause, the limited construction which has been put upon it by the Courts.

MR. LANG: Yes, that is one view. However, in reading - and I have read a good deal about the beginnings of all this, it is not just a one-sided case at all, particularly if one takes the Quebec resolutions, puts them beside the London resolutions, and follows them through the rough draft of the bill and the first draft of the bill and the final draft. I think the fair reading of them - and the records are not very full as to the conference in London, - but especially when 92 is dealt with, where at the early stages there was a marked delimitation of the general power in 92, that is, all other matters of a local and private nature in the province, - where in the first draft the words were used "not assigned to the general Parliament". But when the Act came into the House I think it is a fairly logical conclusion that the Law Officers of the Crown saw that that would

not be a workable proposition, and "matters of a local nature in the Province" was left in, instead of saying "local matters not assigned to the general parliament".

THE CHAIRMAN: The two have to be taken side by side. There was the change you have mentioned, and the change in the introductory clause. And the other point of view would be that the law officers thought they were accomplishing what was in the limitation, providing for the limitation you have mentioned by the ample powers in the introductory clause; that parliament should have power to make laws for peace, order, and good government in all matters except those specifically enumerated. It does not perhaps help us much, as you have said, to speculate what they intended. It is what the Courts have said the Act really means.

MR. LANG: Yes, and my view is that there are still several things to be settled on those same points.

THE CHAIRMAN: Yes.

MR. LANG: I say in the third paragraph:

"The difficult problem of determining whether a particular tax is direct or indirect has been dealt with in numerous decisions. Many forms of taxation have been attempted under provincial authority which have been held to be ultra vires on the ground of indirectness and it is no doubt desirable that if possible some method be found of clarifying the situation."

I am not prepared to make any suggestions, but I suggest it is an obvious thing to state - - -

THE CHAIRMAN: We would be very glad if you would make a suggestion, Mr. Lang.

MR. LANG: Possibly our economists could device some new definition that would be either new, up-to-date, or conceivably exhaustive.

COMMISSIONER DAFOE: You think it is about time John Stuart

Mill was retired from the scene of direct taxation.

MR. LANG: I feel his place in the constitution has gone by.

COMMISSIONER DAFOE: He belongs there very much at the present time.

MR. LANG: Yes, it is part of the British Constitution, undoubtedly, right now.

THE CHAIRMAN: It was suggested to us in the West, Mr. Lang, as probably you are aware, that it should at least be made clear that the existing provincial matters in relation to gasoline, license taxes, and other matters of that kind, were within provincial competence. Some of them, - it was intimated by the Attorney General or representatives of one or two of the provinces, that there was still possibly some doubt on that point; and they thought it should be clarified. Nova Scotia also took that view.

MR. LANG: Well, I am prepared to say this, that I think so far as indirect taxes for the raising of revenue in the province is concerned, that power resides somewhere in the Act; the decisions are that the totality of taxing powers, all powers, is within that Act, and the question arises, and was raised by Lord Phillimore in the Carron case, as to where that power was, - the power to levy an indirect tax for the raising of revenue in a province. Now, there is no authority to suggest that the province may have it, but for the raising within the province, it might be that there could be an indirect tax. However, it is quite an academic question.

THE CHAIRMAN: You see, Mr. Lang, that might be quite inconsistent with the series of decisions of the Privy Council which held that the various tax levies of the province were invalid because they were indirect taxes. Those were Statutes imposing what the courts held amounted to an indirect tax for the purpose of raising revenue within the province.

MR. LANG: Yes, that is quite true, but I sometimes wonder if, in view of the statement made by Lord Phillimore - I do not know of it ever being argued subsequently after the Carron case, but it raises a nice point to speculate on, anyway.

THE CHAIRMAN: I am afraid the counsel who attempted to defend those provincial acts before the privy council covered a very wide range, - so many cases on this question.

MR. LANG: Yes, but there is a subject that I think needs dealing with, that very subject mentioned in the third paragraph.

Now, I have read the last paragraph, but I did not read the quotation from Prof. Maxwell's book, which appears on the next page, and I would like to read that:

"A serious objection to this last proposal(that is, the centralizing idea)is that extension of the powers of the federal government means centralization. Steps in this direction ought to be taken only after careful deliberation. Canada is a large country and it is homogeneous neither in race nor in economic development. A policy satisfactory to Alberta may be unsatisfactory to Quebec; what appeals to Nova Scotia may not appeal to Ontario. The crux of most social legislation is administration, and administration from Ottawa might turn out to be bureaucratic, inflexible, and unsympathetic toward the variety of provincial needs. These dangers are intangible and difficult to appreciate but that they are real is attested by the experience of every Federal country."

Then follows the quotation from the Australian Commission.

Prof. Maxwell then goes on to say:

"It is not inconceivable that for Canada, premature centralization might bring about a less rather than a more stable political organization, because it might aggravate the disharmonies inherent in a federation."

COMMISSIONER ANGUS: What weight do you give to the word "premature" there?

MR. LANG: I think possibly it has reference, as it indicates, to age.

COMMISSIONER ANGUS: Does it rather suggest there will be ultimately actual centralization; but that it must not go through too quickly.

MR. LANG: Yes, it may suggest that with homogeneity there may come more. That meaning might be taken out of it, but I should say it refers, if any weight has to be given to the word particularly, to the matter of age, - relative age.

COMMISSIONER ANGUS: Does the quotation from the Grants Commission refer to social policy?

MR. LANG: I have not checked that up, Mr. Angus. You mean what is quoted by Mr. Maxwell?

COMMISSIONER ANGUS: Yes. Because they do say something about conflict, I think, between the tariff policy of the Commonwealth, which would make land submarginal that the States themselves were spending money in trying to settle, and I think they said there was that disharmony, or a charge of trying to force settlement on lands and at the same time enacting a tariff that is based for an industrial population, and makes the costs higher on those lands. I wonder if it is with reference to that.

MR. LANG: It occurred to me the way it is worded it seems to be a general application, the way it is used. And in conclusion:

"In this connection it is submitted that the necessity for a remedy, and, if one is needed, the nature of it, can be satisfactorily determined after all the facts are found, only by the time-honored British custom of conference and discussion by the

"parties concerned, namely; the Provinces and the Dominion."

THE CHAIRMAN: There will be no dispute on that proposition, Mr. Lang.

MR. LANG: I am very pleased I can close on that note, Sir.

THE CHAIRMAN: This Commission is for the purpose of providing the material upon which such a discussion may profitably take place, and to make such recommendations as we hope may be helpful to such an end.

MR. LANG: We appreciate that, even with that limitation the great magnitude of your task. That completes the written submission, and I will now ask the Hon. Mr. Conant, the Attorney General, to add a few remarks.

HON. MR. CONANT: Mr. Chairman, and Gentlemen. It is not my intention to submit anything of a factual nature, nor would it be welcome at this late hour because you have probably had sufficient data from the province of Ontario, as you have had from other provinces. Mr. Lang has concluded with a constitutional discussion, feeling, as we did, that we should review briefly the scheme of Confederation, and the relationships between the provinces and the Federal Government, which it is your function and your duty to consider under your reference. I do not feel that the question of our constitutional rights is a matter of paramount importance, in the sense that they are there, the Act is there, and it must be interpreted as best we are able to interpret it, and as best our Courts can apply it to the various multiplicity of relationships which arise.

I like very much the words of Lord Watson in 1892. I am not going to quote at length, but I think it is very succinct and, in my judgment, meets the situation, certainly so far as the Provinces are concerned.

"The object of the Act was neither to mold the provinces into one, nor to subordinate provincial governments to a central authority, but to create a federal government in which they should all be represented, entrusted with the exclusive administration of affairs in which they had a common interest, each province retaining its independence and autonomy."

Now, I think that that is settled. Once you can determine what is the constitutional authority of a province, the application is not difficult. And I believe you, Mr. Chairman, so expressed yourself at London a little over a year ago, and I have it in these words: "That once the Court has determined the Act is within the competence of the legislature, arguments founded upon injustice or hardship can have no weight."

THE CHAIRMAN: I quoted that from another judicial authority, but it is true, nevertheless.

HON. MR. CONANT: Yes. I did not follow the text through far enough, but if you say that is so, Mr. Chairman, I know that is the case. But I think it is true, nevertheless. And the question of provincial autonomy, in so far as the application of the Act to our manifold relationships, is not the prime difficulty. True enough, constitutional questions arise in increasing numbers in recent years, and it is due to the fact that human relationships become more complicated and governments are entering into new fields of activity. And whereas at the time of Confederation they did not know anything about an aeroplane, within recent years it has had to be determined who had jurisdiction. The same with the radio. That is inevitable, and will continue. But our scheme of jurisdiction, our scheme of government, and adjudication will meet those situations, and one may very well

question whether it will be as well to maintain the entirely detached view of the Privy Council in determining these questions of constitutional rights and limitations and relationships.

But I submit, Mr. Chairman and Gentlemen, our difficulties are of a different kind. They arise from different considerations. Mr. Lang discussed from his brief the question of taxes, - direct and indirect taxation, and the desirability of a clear definition. Well, the province would be very glad to have a clear definition provided but that in the construction of the definition the province does not lose all its taxing powers.

THE CHAIRMAN: You would have to leave that to the Courts, Mr. Conant.

HON. MR. CONANT: Quite. But the difficulty, Mr. Chairman and Gentlemen, is deeper seated than that. We introduced into the discussion here the word "transfer". I am not an economist, but it occurred to me that the word was rather a refinement on the good old fashioned idea of taking from one person or one body and giving it to somebody else. I think essentially that is what it means. And the matter of alarm so far as this province is concerned is in the present tendency to apply that to our present day conditions. And it results from the fact, no doubt, that after seventy years as a nation all the provinces are not in the same economic condition. I submit with all deference, that, stripped of all the verbiage and literature and data that may have been and which may be submitted to this Commission, the fundamental problem arises from that, and the difficulty is to provide an answer to that problem. Now, there cannot be any question as to the power of the Dominion, however unenviable the position of the provinces may be by reason of the division of taxing powers. There is no legal or con-

stitutional question as to the Federal Government authority. They have the whole gamut of taxing powers in the Dominion, and we have heard it discussed before the Commission. It was submitted in the brief at some point that when those taxing powers were set up by the Fathers of Confederation, the framers of that Act rather looked askance upon the dire results which might follow from giving the provinces the power of direct taxation. It was supposed to be a matter of last resort; that it was inconceivable they should ever have to go to that extreme. Well, we have seen what has transpired in that respect. But it was equally, and even more so inconceivable, to the framers of Confederation, I submit, - and we have had considerable discussion on it, and some splendid references by Mr. Walters, - that the Federal Government should also have to raid this field, at which they looked askance, even allocating it to the provincial governments. Now, that has been done. We are not dealing with a theory. The Federal Government has invaded the field of direct taxation, and it has done so throughout the Dominion, but with particular incidence in the Province of Ontario, and it is quite apparent from the figures of one year, 1936. In that year Ontario contributed a little over 50% of the Federal individual personal income tax, and a little over 55% of the corporation income tax. And as I understand the whole setting, - the whole background and atmosphere, the thought is that the Federal Government should take over the grief, worries, and responsibilities that are confronting some of the provinces in the Dominion, and should extend the taxation which has been commenced. Well, Mr. Chairman and Gentlemen, we in this province look upon that with very great alarm. We have had figures submitted here as to what has transpired in the past. I am not going to recapitulate, but if it were possible to cast up all the figures, the differentials in subsidies, and

manifold financial relationships, not to speak of the human element, cultural contribution, and so on, I do not think it can be properly said that so far, at any rate, Ontario has not borne her full share of the burden of Confederation.

Then as to the view ~~these~~ suggestions arise from causes manifold in their nature, some of them, particularly the power of man, as unfortunate as they are unavoidable; some resulting from a change in the whole economical situation throughout the world, which have vitally affected agricultural development, and some no doubt due to mistakes, to which we are all prone, both States and as individuals. But Ontario, I submit, is not the one primarily responsible for this economic status, whatever may have been the cause.

Now, the framers of Confederation naturally desired and intended - to use a phrase of George Brown who was one of the ^{prominent} negotiators and framers of the Act - "A scheme just to all contracting parties". And they set up a rather elaborate system of checks and balances; subsidies were arranged to compensate the provinces for the revenue that they were going to lose. A rather intricate system of inter-provincial, or Federal and inter-provincial financing was set up, and they even went to the extent of providing that where the debt of a province exceeded a certain amount, that province should pay interest to the Federal Government, and vice versa when it was less than that amount. So that they did all they could foresee evidently, to bring about a just distribution of the burden of nationhood upon which they were emerging. I submit again that they had no thought that their handiwork might conceivably be entirely destroyed by the basis on which they left the power of taxation. When they set up our constitutional powers, defining them in the case of the provinces and also in the case of the Federal

government, leaving the residue of power with the Federal government, they exhausted the field of legislative control and government in this whole country. There is no doubt about it. When they set up the scheme of taxation, however, they presented, or left open an opportunity, I submit, to destroy the whole structure, because it is axiomatic, it hardly needs reference before this Commission, that the power to tax is the power to destroy.

THE CHAIRMAN: The Privy Council has held that that principle does not apply under our constitution. That has been held in the United States.

HON. MR. CONANT: I quite understand that. But regardless of what has been held by the Privy Council or anybody else the practical application of it, and if carried to its fullest conclusion, or to the length to which the Federal Government could go, would have that result. I do not see how there can be any serious doubt as to that.

And we, as I have said, view with very considerable alarm the situation that arises from that application of the taxation scheme that was laid down by the Fathers of Confederation. We have deduced before you, Mr. Chairman and Gentlemen, a lot of figures and data in the hope of showing to you that our fear is not groundless, and that our need is real. We are not Midas, as it were, - the villain in the piece, sitting back without obligations but with unbounded wealth. As you can see by the figures that were filed, this province has built up rightly or wrongly, a large structure involving very heavy financial expenditures, on hospitalization, social services, and so on, which has reached very large proportions. And we must say to this Commission that if the field of taxation which is, for lack of a better name, now called "direct tax", is invaded by the Federal Government, our financial structure, our whole fabric of Govern-

ment is, and must be, very seriously jeopardized.

Now, may I refer this Commission to the words of the Prime Minister when he opened the case for the province, and said "Ontario is not before this Commission either as an applicant or as a defendant". I think that the manner in which Ontario's statements have been made, Mr. Chairman and Gentlemen, bears out that prognostication. We do, however, urge very strongly upon you, Mr. Chairman and Gentlemen, that our governmental structure, our present commitments and future urgent needs make it imperative that there should be restored to us the field of direct taxation, with a reasonable interpretation of what direct taxation is, and our natural resources.

Then the Prime Minister in his opening statement made it clear that we want to live on good terms with our provincial neighbors; and there can be no question of that. Lastly, the Prime Minister said this:

"Instead of rendering accounts to each other in terms of money, or any other terms, we would all be better employed working together for a greater and safer Canada."

There can be no doubt as to the absolute necessity, not only of desirability, that Canada shall continue as a nation. I do not think, Mr. Chairman and Gentlemen, that we have by any means exhausted our genius for government and for compromise which is, after all, inherent in the anglo-saxon race. I do not know that our difficulties are any greater than those of a sister member of the British Empire, - Australia. They apparently have met and solved their difficulties not by constitutional change but by conference and agreement, and we must not only be optimistic, but we must be determined that our difficulties will be solved in the same way, and as Confederation was constructed years ago.

Now, Mr. Chairman, I have nothing further to submit to you, but I do want to say this: We appreciate the courtesy and, may I say, endurance of this Commission, listening to us for almost a solid week, and we hope that the quarters we have provided for you have been convenient, and the facilities agreeable. We are not, I can assure you, unmindful of the amenities that should exist on such occasions. I understand that a tour of the beautiful fruit section of Ontario has been arranged, where you may turn from the sordid details of facts and figures to peacefully view the æsthetic charms of this old Province. And I hope because of that trip to the Niagara section you may carry away pleasant memories of your visit and sittings in this Province of Ontario.

THE CHAIRMAN: Mr. Conant, may I first, on behalf of the Commission, thank you and the other members of the Government; Mr. Walters, Mr. Cross, Mr. Lang, and Prof. Taylor, for the great help you have been to us and the contribution you have made to the consideration of the questions we are called upon to investigate, and for the light you have thrown upon them and the information you have furnished. These were greatly appreciated, and valued highly.

I also wish on behalf of my colleagues and my self to thank the government for the arrangements made for the sittings of this Commission. You have provided every convenience for us, and we have enjoyed the facilities so provided. We also thank the Government for the hospitality which we have received at the hands of the Government, and for the further hospitality which my colleagues, I hope, will enjoy to-morrow, - the trip to Niagara. I regret I cannot accompany them, but I am sure they will thoroughly enjoy their visit.

Just one or two observations in reference to your

closing remarks, for the sake of clearing up the situation. The statement you quoted from Lord Watson has been quoted to us in many briefs, and if one could take that as the final statement of the Privy Council it might simplify ones task in interpreting the constitution. But one must put side by side with that statement the statement of Lord Haldane, in the case of the Attorney-General for Australia v Colonial Sugar Refining Company, where he contrasts the British North America Act with the Australian Act, and points out the fundamental difference between the two.

The British North America Act of 1867 commences with the preamble that the then Provinces had expressed their desire to be federally united into one Dominion with a Constitution similar in principle to that of the United Kingdom. In a loose sense the word "federal" may be used, as it is there used, to describe any arrangement under which self-contained States agree to delegate their powers to a common Government with a view to entirely new Constitutions even of the States themselves. But the natural and liberal interpretation of the word confines its application to cases in which these States, while agreeing on a measure of delegation, yet in the main continue to preserve their original Constitutions. Now, as regards Canada, the second of the resolutions, passed at Quebec, in October, 1864, on which the British North America Act was founded, shows that what was in the minds of those who agreed to the resolutions was a general Government charged with matters of common interest, and new and merely local governments for the Provinces. The Provinces were to have fresh and much restricted Constitutions, their Governments being entirely remodelled."

One has to take both statements. I am not suggesting which is preferable. Lord Haldane then says: "This plan was carried out by the Imperial Statute of 1867." Then he goes on:

"The Act, therefore, departs widely from the true federal model.... Of the Canadian Constitution the true view appears, therefore, to be that, although it was founded on the Quebec Resolutions and so must be accepted as a treaty of union among the then provinces, yet when once enacted by the Imperial Parliament it constituted a fresh departure, and established new Dominion and Provincial Governments with defined powers and duties both derived from the Act of the Imperial Parliament which was their legal source."

It is very difficult to take an expression of opinion in any one case of a judicial committee, and rely on that. One has to take the different expressions of opinion in the different cases and try to reach the best conclusion one can. I quite agree with your statement that back of our present problem lies the economical situation. Undoubtedly that is the cause of the present difficulties of certain of the provinces, and it is those difficulties, and what was believed to be the inability of the Federal Government to deal with them, which led to the appointment of this Commission. All I can say is what I said in reply to the Prime Minister in opening; we have undertaken a very difficult and arduous task, we are endeavouring to discharge it to the best of our ability, and all the suggestions and information and help that we can get from any source we welcome. Thank you.

Mr. Conant, as soon as the answers are ready to the questions they will be sent to us?

HON. MR. CONANT: Yes, Mr. Chairman.

The Commission adjourned at 4.30 p.m. to resume at 10.30 a.m. Monday, May 9th, 1938.

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REPORT OF HEARINGS

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George Thompson
John Robertson
David Torry



TORONTO, ONTARIO, MAY 9, 1938

REPRESENTATIONS BY THE CANADIAN DENTAL
ASSOCIATION

DR. J. S. LAPP

Page
7975-7995

REPRESENTATIONS BY THE CANADIAN NURSES
ASSOCIATION

MISS JEAN I. GUNN

7995-8012

REPRESENTATIONS BY THE NATIONAL COUNCIL,
YOUNG MEN'S CHRISTIAN ASSOCIATION

WILLIAM R. COOK

8012-8028

REPRESENTATIONS BY THE LEAGUE FOR ECONOMIC
DEMOCRACY

GEORGE E. CREED

8028-8031

H. H. HALLATT

8032-8076

REPRESENTATIONS BY ECONOMIC REFORM
ASSOCIATION

GLADSTONE EVANS

8076-8090

W. COBURN

8090-8096

REPRESENTATIONS BY HOUSEWIVES ASSOCIATION
OF CANADA

MRS. RAE LUCKOCK

8096-8111

TORONTO, ONTARIO, MAY 9, 1938

LIST OF EXHIBITS

	<u>Page</u>
Exhibit No. 329: Letter from Prof. Urwick to the Chairman	7975
Exhibit No. 330: Brief of Canadian Dental Association	7995
Exhibit No. 331: Brief of Canadian Nurses' Association	8010
Exhibit No. 332: Copy of "Canadian Nurse"	8010
Exhibit No. 333: Brief of National Council, Young Men's Christian Association	8014E
Exhibit No. 334: Preliminary Survey, "Youth & Recreation in Toronto"	8014E
Exhibit No. 335: Copy of "Youth's Eye View of some of the problems connected with getting married"	8019
Exhibit No. 336: Copy of a report on "Youth in the next decade"	8019
Exhibit No. 337: Annual report of National Council, Young Men's Christian Association	8027A
Exhibit No. 338: Brief of the League for Economic Democracy	8076
Exhibit No. 339: Brief of Economic Reform Association, Toronto	8096
Exhibit No. 340: Brief of Housewives' Association of Canada	8111

TORONTO, ONTARIO, MAY 9, 1938.

TOPICAL INDEX

	<u>Page.</u>
MR. ST. LAURENT: Letter from Prof. E.J. Urwick to the Chairman	7974
<u>LAPP, DR. J.S.,</u> (The Canadian Dental Association)	
THE ACTING CHAIRMAN: Head office of Canadian Dental Association	7975
Prevalence of dental disease	7976
Oral Sepsis	7976
Focal Infection	7976
Inability to Masticate Food	7976
Pressure due to impacted and suppressed teeth	7977
Irritation due to sharp edges of broken teeth, retained roots, etc.	7977
Responsibility for Public Health	7977
THE ACTING CHAIRMAN: Re contention that public health a Dominion responsibil- ity	7978 7979
Dental services afforded to public at present	7981- 7984
Dental services for young people	7984- 7986
Public Dental Health Education	7986
Research in dental disease	7986

<u>LAPP, DR. J.S., (CONT'D.)</u>	<u>Page.</u>
Health Insurance	7988- 7988B
THE ACTING CHAIRMAN: Re proposed appoint- ment of a Royal Comm- ission to examine into the question of health services	7988B
Recommendations with respect to increased Dominion responsibility for health services	7989 7991
Conclusions	7991
COMMISSIONER DAFOE: Representations made in other provinces with respect to Dom- inion assumption of responsibility for health matters	7991
MR. ST. LAURENT:	
Examination of Dr. Lapp	7992- 7994
<u>GUNN, MISS JEAN I.,</u> (Chairman of Health Insurance and Nursing Service Committee of Canadian Nurses' Associ- ation)	
History and organization of Canadian Nurses' Association	7995
Aims of Canadian Nurses' Association	7996- 7998
Present organization for nursing service in Canada	7998
<u>MOORE, MISS</u> (Health Insurance and Nursing Service Committee of Canadian Nurses' Association)	
Difficulties experienced by the public in securing nursing services	8000
Existing conditions which require further investigation	8003
Surveys of nursing education in Ontario	8004
THE ACTING CHAIRMAN: Re plan to distribute registered nurses so as to provide care for health needs in all communities	8006

	<u>Page.</u>
GUNN, MISS JEAN I., (CONTINUING)	
Recommendations with respect to Health Insurance	8007
THE ACTING CHAIRMAN: Re recommendation that a survey of all health services be undertaken	8010
COMMISSIONER ANGUS: Nurses attached to religious organizations	8007
MR. ST. LAURENT:	8010
Examination of Miss Gunn	8011
Canadian-trained nurses in the United States	8011
Nursing services provided by life insurance companies	8011
Average annual salary of private nurse	8012
<u>COOK, WILLIAM R., ESQ..</u> (National Council of Young Men's Christian Associations)	
Introductory remarks	8012
THE ACTING CHAIRMAN: The term "lay member"	8013
Aims and organization of Young Men's Christian Association	8013
Importance of youth	8014
Recommended Dominion Youth Bureau	8014A
Proposed National Health Campaign	8014C
Quotations from survey entitled "Youth and Recreation in Toronto"	8014D
Need for common educational standards throughout Canada	8015
Vocational education	8015
Proposed "experimental schools"	8016
Recommendations with respect to employment	8017
Marriage	8018

	<u>Page.</u>
<u>COOK, WILLIAM R. (CONT'D.)</u>	
Juvenile delinquency	8019- 8021
Recommended Dominion Youth Bureau	8021
MR. ST. LAURENT:	
Examination of Mr. Cook	8022- 8028
Experimental schools	8022
COMMISSIONER DAFOE:	
Tendency of youth to look to national govern- ment for leadership	8024
Resolution passed by National Council of Young Men's Christian Association	8027 8027A
<u>CREED, GEORGE E, ESQ.</u> (President of the League for Economic Democracy)	
THE ACTING CHAIRMAN:	
Membership of the League for Economic Democracy	8029
Introductory remarks	8029
<u>HALLATT, H.H., ESQ.</u> (League for Economic Democracy)	
Brief presented	8031
Control of money	8032
COMMISSIONER ANGUS:	
Re proposal to vest in Dominion the sole right to create and issue money	8034
Means of securing Domin- ion control over prov- incial expenditures	8038 8039
"A simple plan of issue and recall"	8039
COMMISSIONER ANGUS:	
Possibility of deficit financing under proposed plan	8040 8042
"National Money for Homes"	8043
COMMISSIONER ANGUS:	
Existing mortgages of houses under proposed housing scheme; corpor- ation bonds	8045

HALLATT, H.H., ESQ. (CONT'D.)

COMMISSIONER ANGUS: Re contention that under proposed plan national income could be maintained at any desired level	8046
Liquidation of Existing Debt	8047
COMMISSIONER ANGUS: Continuance of govern- ment bonds held abroad on the contractual basis	8049
Effects of direct sale of government bonds to the public	8050
Issuance of government bonds when reserve money being employed to the full	8051
Interest on public debt	8051
Government borrowing for undertakings which would increase employ- ment	8052
War-time production of munitions, etc.	8053
Taxation as a means of financing government undertakings	8053 8054
Provincial debt	8055
Delay on the debt question dangerous	8056
Inflation	8056
COMMISSIONER ANGUS: Old outstanding government bonds	8057
Purchase of foreign securities by persons given bank balances for their bonds under Hallat Plan	8057 8058
Control of the "flight of capital"	8058
Summary	8060 8061
Order-in-Council appointing the Comm- ission	8061 8065

HALLATT, H.H., ESQ. (CONT'D.)

Clause 3, sub-sections (a), (b) and (c) of the recommendations of the Prime Minister with respect to the Commission	8065
Sub-section (d) of the Order-in-Council appointing the Commission	8066
Clause four of the Order-in-Council appointing the Commission	8067
Concluding remarks	8067
MR. ST. LAURENT: Examination of Mr. Hallatt	8072
	8072
	8076
<u>EVANS, GLADSTONE, ESQ.,</u> (Economic Reform Association)	
Brief presented	8076
Necessity of adapting existing institutions to changing circumstances	8077
Regulation of banking, currency and finance a matter of Federal jurisdiction	8077
Regulation of construction industry	8078
Establishment of stable internal price level in Canada advocated	8079
Drastic revision of regulations governing incorporation of companies urgently required	8080
COMMISSIONER ANGUS: Re maintenance of stable price level	8081
Need for general revision of tax structure imperative	8082
COMMISSIONER ANGUS: Graduated income tax	8083
That the inter-relation between social and economic trends be recognized and full advantage taken of them	8084

EVANS, GLADSTONE, ESQ. (CONT'D.)

Summary

8085

COMMISSIONER ANGUS:
Failure of commercial
banks to maintain a
proper circulation of
credit

8087

8090

COTURN, W., ESQ. (Economic Reform Association)

COMMISSIONER DAFOE:
Collection and dis-
tribution of income
tax

8090

8091

MR. ST. LAURENT:

Examination of
Mr. Coborn

8091-

8096

LUCKOCK, MRS. RAE, (President of War 5 Housewives' Association and member of the Central Council of the Housewives' Association of Canada)

Brief presented

8096

Preamble

8096

THE ACTING CHAIRMAN:
Membership of the
Housewives' Associat-
ion of Canada

8097

Purpose of the House-
wives' Association

8097

The Meat Packing
industry

8099

The milling and baking
industry

8099

Milk and dairy products

8101

Editorial to appear
in coming issue of
Housewives' Report
entitled "Housewives
and Milk Advertisements"

8102-

8104

Canning of fruits
and vegetables

8104

Producer-consumer
Cooperatives

8104

Rights of the Consumer

8106

Specific legislation
required

8107

General Legislation

8108

MR. ST. LAURENT:
Questions on which
the Commission would
be asked to have the
views of the Govern-
ment of Ontario

8111-

8117

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

TORONTO, ONTARIO, MAY 9, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Parliament Buildings, Toronto, Ontario, on Monday, May 9, 1938, at 10.30 a.m.

PRESENT:

COMMISSIONER JOSEPH SIROIS....ACTING CHAIRMAN

JOHN W. DAFOE, Esq.)	Commissioners
DR. ROBERT ALEXANDER MacKAY		
PROFESSOR HENRY FORBES ANGUS		

Commission Counsel:

Louis S. St. Laurent, K.C.

Secretariat:

Adjutor Savard, Esq.	Acting Secretary Legal Secretary to The Chairman Assistant to the Secretary
R. M. Fowler, Esq.	
Wilfrid Eggleston, Esq.	

FOR THE CANADIAN DENTAL ASSOCIATION:

Dr. J. S. Lapp	Representative
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FOR THE CANADIAN NURSES ASSOCIATION:

Miss Jean I Gunn	Chairman, Health Insurance.
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FOR THE NATIONAL COUNCIL, YOUNG MEN'S CHRISTIAN ASSOCIATION:

Mr. William R. Cook	Representative
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FOR THE LEAGUE FOR ECONOMIC DEMOCRACY:

Mr. George E. Creed	President
Mr. H. H. Hallott	Representative

FOR THE ECONOMIC REFORM ASSOCIATION:

Mr. G. Evans	Representative
Mr. W. Coburn	Representative

FOR THE HOUSEWIVES' ASSOCIATION OF CANADA:

Mrs. Ray Lockock	Representative.
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Parliament Buildings,
Toronto, Ontario,
May 9, 1938.

MORNING SESSION

The Commission met at 10.30 a.m.

THE ACTING CHAIRMAN: Mr. St. Laurant, I believe there was a matter to which you wished to draw the Commission's attention.

MR. ST. LAURENT: Yes, there was a letter received, addressed to Mr. Rowell, on the thirtieth of April, 1938. This was sent by Professor Urwick in connection with the proposition which he had presented. It reads as follows:

April 30, 1938.

"Dear Mr. Rowell:

We were very grateful for your suggestion that we might return on Monday to place before the Commission any further points which might occur to us in connection with the Brief which we had the honour of presenting yesterday. But in view of the urgent and important matters which we know await your attention, we feel that we should not be justified in claiming more of your time.

There is, however, one small point on which with your permission I should like to make a correction. I quoted yesterday an example of a recipient of relief working as a car-washer "at an hourly wage of four cents". This should have read "at a payment of four cents for each car washed." The distinction may not be important in regard to the total earnings of the worker; but it is of some importance in connection with hourly or weekly rates of wages. I am sorry I did not correct the slip at the time.

Believe me,

Yours very sincerely,

E. J. Urwick.

THE ACTING CHAIRMAN: This shall be filed as exhibit number 329.

EXHIBIT NOL 329: Letter from Prof. Urwick to The Chairman dated April 30, 1938.

THE ACTING CHAIRMAN: You have been told, I understand, that Mr. Chief Justice Rowell cannot be present at the meeting to-day. You will have to be satisfied with a four-member Commission, and if you have no objection to that, we will proceed with the brief of the Canadian Dental Association. I believe Dr. Lapp is presenting this brief.

SUBMISSION BY

THE CANADIAN DENTAL ASSOCIATION

DR. J. S. LAPP was called:

DR. LAPP: Mr. Chairman and Members of this Royal Commission: I am here to-day representing the Canadian Dental Association. In the brief, there is an outline of the aims and objects of the Canadian Dental Association, but, with your permission, I shall omit reading those.

THE ACTING CHAIRMAN: Just one question, Dr. Lapp. You say here that you represent 4,000 dentists, representing more than 99 per cent of the dentists practising in Canada. Where is your head office?

DR. LAPP: We have no head office; we have our president in Vancouver and our secretary in Halifax.

COMMISSIONER DAFOE: An all-Canadian proposition, evidently?

DR. LAPP: Yes, sir, it is. With your permission, I will omit the reading of the aims and objects of the Association and begin with the paragraph on "Dentistry, a general health service".

"Dentistry, in all its phases, whether it be preventive or restorative, may unquestionably be

"regarded as a major Health Service. Dentists are, therefore, vitally concerned in the promotion of Health and the prevention of disease.

Leading Health authorities are agreed that dental disease is the most prevalent disease of the human race to-day.

In surveys that have been made among all civilized peoples, dental disease has been found in varying degrees in the mouths of a very great majority of those examined.

The condition of the teeth and mouth bears an important relationship to general health. Some of the conditions which may directly affect the health area are as follows:

1. ORAL SEPSIS. The poorly kept mouth provides an ideal place for the incubation and growth of bacteria. Many million of these are to be found in such mouths. Infection is harbored in the mouth more often than in any other part of the body. In the mouth it is readily accessible to treatment. The mouth is the gateway to the whole digestive and nutritional tract, and from it infection may be and is frequently carried to other parts of the body.
2. FOCAL INFECTION. Infection at the tooth root-ends and in deep pockets about the teeth is often forced into the blood stream and carried throughout the body, often lodging in susceptible tissues to set up a secondary lesion.
3. INABILITY TO MASTICATE FOOD. This results in many ills of the digestive tract and the

organs related to nutrition.

4. PRESSURE DUE TO IMPACTED AND SUPPRESSED TEETH.

Patients are often hospitalized for mental and nervous conditions due to this type of pressure, and recover upon the removal of the offending teeth.

5. IRRITATION DUE TO SHARP EDGES OF BROKEN TEETH, RETAINED ROOTS, ETC. These conditions contribute to discomfort and diseased mouths. Some authorities have pointed out the possibility of this being a causative factor in the production of cancerous lesions.

It has been often and quite appropriately said that "A Nation's Health is its greatest asset."

As a group who are primarily interested in this great national asset, we feel that our representations before this Commission are essential to a thorough understanding of the complete picture of National Health in Canada.

RESPONSIBILITY FOR HEALTH

Dental disease knows no provincial boundary lines. While we may have regional and occupational variations in the incidence of dental disease, the problem of prevention and cure of the dental ills of the people of Canada remains the same from coast to coast.

At the time of Confederation, the practice of dentistry in Canada consisted chiefly of extraction of teeth and replacements by the use of dentures. Indeed, it was the fortunate few who could have their teeth replaced, once they were extracted. Dentistry in Canada was not organized as a profession until March, 1868. It is easily understood then why health as related to dental practice received no consideration by

the Fathers of Confederation.

Public Health as we know it today did not exist at the time of Confederation. This would account for the responsibility for Public Health not being definitely fixed by the British North America Act as between the Federal and Provincial Governments.

Section 91, Clause 29, of the British North America Act places the residue of responsibilities (those that are not definitely stated as one of the classes of subjects under provincial control) very definitely upon the Dominion Parliament. Thus it may be and has been interpreted that Public Health is the responsibility of the Dominion Government."

THE ACTING CHAIRMAN: Do you think you are on perfectly safe ground in saying that, constitutionally speaking?

DR. LAPP: I am sorry sir, but I did not catch that last remark.

THE ACTING CHAIRMAN: Do you think you are on perfectly safe ground, constitutionally speaking, in saying that this would be a Dominion matter instead of a provincial matter?

DR. LAPP: Well, sir, public health, as I understand it, does not appear in the British North America Act. We realize that we have provincial statutes covering matters of public health, but that seems to have been because of local public demand. We felt that in the absence of any definite statement regarding public health and the fact that the residue of powers, that is anything which is not definitely stated as a provincial matter, lies with the Federal Government.

THE ACTING CHAIRMAN: Yes, but do not forget that you have section 92, paragraph 7, which says, "The establishment, maintenance and management of public and reformatory prisons in and for the province." These are matters of provincial concern. You also have the section which leaves to the province all matters of purely local concern. I think since 1867 these questions of health have always been considered as a provincial matter and that the Dominion simply helped with it. I am not giving a definite answer, I am just raising the point.

DR. LAPP: I think that is a question which you, as a Commission, are in a better position to decide than we are.

THE ACTING CHAIRMAN: I am simply drawing your attention to it.

DR. LAPP: I continue to quote:

"While the maintenance and management of hospitals, etc., became the responsibility of the provinces under the British North America Act, matters of Public Health were not specifically mentioned. The Dominion Parliament, by virtue of the Dominion Health Act of 1919, has assumed and added to its responsibilities the following:

1. Cooperation with the provincial, territorial and other Health authorities, with the view to a coordination of the efforts proposed or made for preserving and improving the Public Health, the conserving of child life and the promotion of child welfare.
2. The establishment and maintenance of a national laboratory for Public Health and research work.
3. The supervision as regards Public Health of railways, boats, ships and all other methods

of transportation.

4. Such other matters relating to Health as may be referred to the Department by the Governor-General in Council.

5. The duties and powers of the Minister administering the Department of Health shall extend to and include all matters and questions relating to the promotion and preservation of the health of the people of Canada over which the Parliament of Canada has jurisdiction.

The rapid strides that have been made in Public Health in Canada since Confederation have brought with them the need for legislation. The Provinces, because of the lack of a definite interpretation of the British North America Act as to Health responsibility and due to local public demand, have assumed certain responsibilities in Public Health matters.

At present, the Provinces have Statutes to provide and maintain Public Health, but find it difficult to provide funds to support and extend them as they should be. As a consequence, the Provinces have, by legislation and other means, permitted to rest upon the municipalities a burden which the municipalities are unable, because of their restricted tax-base to properly carry.

We would respectfully suggest that Public Health conditions in Canada today emphasize the necessity for a more definite understanding between the Federal Parliament and the Provincial Legislatures as to their responsibilities in Health matters.

We presume that this will be a matter for consideration by your Commission in its final recomm-

uations.

PRESENT SERVICES

For purposes of classification the population may be divided as follows:

1. Those able to provide adequate dental services for themselves and their dependents.
2. Those able to provide only partial and inadequate dental services for themselves and their dependents.
3. Those unable to provide any dental services for themselves and their dependents.
4. Wards of Federal and Provincial Governments, etc.

Class I. Those able to provide adequate dental services for themselves and their dependents.

It has been our observation that many of these people allow their teeth to decay and become a menace to their health. This situation would be improved if nationally supervised Public Dental Health Educational programmes were inaugurated.

Class 2. Those able to provide only partial and inadequate dental services for themselves and their dependent

This group represents a large percentage of our population. On the whole they are a very worthy group, striving to live independently and to be good citizens. While we have had and may always have a large percentage of our citizens in this group, their numbers have been greatly increased during the depression years.

Inclusion in this group depends largely upon income as related to responsibility.

In this category we find people in many and varied occupations, such as workers in industry, merchants, farmers, farm workers, office workers, government employees, clerks, professional people, etc.

The people of this class, while able to procure a limited dental service, usually delay visiting the dentist until dental disease is well advanced.

In our opinion the Federal Government should be much concerned about the physical and mental welfare of these people and should make a study to determine the best means by which they could be assured the protection of adequate dental treatment.

Class 3. Those unable to provide any dental services for themselves and their dependents.

In this class we have a large group of Canadian citizens, who although they are able to keep off the relief rolls, have no funds available for Health Services. This group, while making an honest effort to avoid becoming a burden to their country, are less fortunate as far as health measures are concerned than those of this class who are actually on relief. There are very few avenues through which they may obtain any dental treatment. Consequently, their dental health is almost entirely neglected and much suffering is usually experienced before they finally go to a dentist. The dentist usually cares for their immediate needs without charge. This has brought a considerable burden upon the private dentists.

A few of our hospitals provide a limited low-fee service for this class through out-patient clinics. In most cases, however, these people are called upon to pay a fee. Consequently, few are able to obtain these services. In a few large centres, dentists in cooperation with municipalities or welfare organizations, have opened Public Clinics. The Dentists, giving their services gratuitously, the scope of these clinics has been limited to the most urgent cases.

Those of this group who are actually on relief are provided with an extremely limited dental service. In some localities, only the extraction of aching teeth and the repair of dentures; in others certain plastic fillings of a preventive nature. In many localities, no dental service is provided for these unfortunate people.

We understand that the Federal Government has established as a definite national policy, by subsidy to the Provincial Government, for the provision of food, clothing, shelter and fuel to those actually on relief.

While this may have been inaugurated under what was understood to be a national emergency, it is almost certain that in the future, the provision of the above named necessities to those who cannot provide them for themselves, must continue.

The Federal Government, up to now, has assumed no financial responsibility to supply dental care to these people. This has become the burden of the municipality

or the provincial government. As has been pointed out earlier in this brief, these bodies have not the funds to properly provide this very urgent necessity. As a consequence, members of the profession, from a humanitarian standpoint, have supplied a great deal of the essential services to these people at their own expense.

We believe that this should be the responsibility of the state and not the dental profession.

We would suggest that the Federal Government make a study of the best means to provide necessary dental treatment to this class and take the necessary action to assume a proportionate responsibility with the provinces in the provision of this treatment.

Class 4. Wards of the Federal and Provincial Governments; Dependent Children, Soldiers, Dominion Police, Indians, Inmates of Mental Hospitals, Institutions, Penitentiaries and Hospitals, and Back-to-the-land Classes.

A large percentage of this class are receiving fair dental treatment. Most applicants are attended to, many routine examinations are conducted and dental services rendered accordingly -- although this is not the case in all departments mentioned.

DENTAL SERVICES FOR YOUNG PEOPLE.

Present conditions in Canada make it difficult, if not impossible, to provide the dental treatment needed by all the people.

It is much less difficult and much less costly to

maintain Dental Health than to restore it after it has been lost. Therefore, the solution would seem to be to provide adequate preventive and restorative treatment for the young people of Canada.

At present the services available for these young people are very limited. Some cities have dental services available in elementary schools. The results achieved by many of these services are to be commended.

In many areas it has been found more economical to provide services for these children by contracting for the facilities and time of private dentists.

In sparsely settled districts, and districts unserved by private dentists, it has been found practical to provide travelling clinics to serve these young people.

While the above types of services have been provided in a few localities, it may be said that on the whole, the services available for this class in Canada are seriously inadequate.

In our opinion, the Federal Government should assume responsibility for necessary dental treatment for the children of classes 2, 3 and 4 above, from the ages of two to fifteen, inclusive, and should take the necessary action to make these services available with the least possible delay.

It is our opinion that the Federal Department of Health in cooperation with the provincial departments of Health and Education should provide Dental Health Education and examination services for these young people. This could probably be done most effectively and economically in the schools.

We feel that every child in elementary and

secondary schools in Canada should have at least a yearly dental examination made in the schools by a dentist. Dental Health talks could be given in class rooms or assembly halls at the time of the examination. This survey and educational effort should be independent of clinical services, but related to them for matters of record, etc.

Dental Health teaching should be carried out by teachers and nurses in elementary and secondary schools as part of their regular Health demonstrations and Health training.

PUBLIC DENTAL HEALTH EDUCATION

In our opinion there is much need for Government financial support for a nationally organized effort of Public Dental Health Education. Our present knowledge of preventive measures, if properly applied, would reduce materially the incidence of dental disease.

Provincial and local Dental Associations have been carrying on Public Dental Health Education, often cooperating with other Health agencies, service clubs, etc. This work, while commendable, has been imperfect in coordination, consequently losing much of its effectiveness.

The Canadian Dental Hygiene Council, a lay organization, whose function is to educate the public in preventive dentistry, has been doing effective work throughout Canada in this field in conjunction with organized dentistry and official departments of Health and Education. That the work of this organization has proven its worth, is evidenced by the financial support they have received from the Dominion and Provincial Governments. Their work, however, has necessarily been lacking in continuity due to

insufficient financial support.

It would seem logical that when this pioneer work has been established and proven by voluntary organizations on a national scale, it should be taken over and carried on by the official Public Health Department of the Federal Government in cooperation with the provincial Departments of Health.

RESEARCH

The most important aim of dentistry is to find why there is so much dental disease and to prescribe ways and means to prevent it. This means research.

Dentists have always found difficulty in enlisting private financial support for research. If physicians were permitted to list dental disease as a predisposing factor in the cause of death, on death certificates, there would probably be a much greater public respect for dental research and private donations would most likely have been attracted to this field.

The ten most frequent causes of death today are listed in order of frequency as follows: Heart disease, Cancer, Pneumonia and Influenza, Cerebral Haemorrhage, Nephritis, Tuberculosis, Diabetes, Diarrhoea and Enteritis, Appendicitis and Syphilis.

There is much evidence available in support of the theory that dental disease may be a causative or contributing factor in a large percentage of the above named diseases.

As we have stated before, a very large majority of the people examined in industry need dental treatment in varying degrees.

In a recent survey made in the elementary schools of nine Canadian towns, it was found that an average

of 88.9 per cent of the children had dental defects. The average number of defects per child was 4.97.

We feel that this situation should attract the attention of the Federal Department of Health and that the Federal Government should consider providing grants for dental research, particularly as to the prevention of dental disease, and the relationship of dental disease to other systemic disorders.

Canadian Dentists have always taken a leading part in dental research. Many of their works have and will go down as outstanding achievements in dental history.

Canadian Universities have always encouraged research both for graduates and undergraduates and have added much to our knowledge both in the field of preventive and restorative dentistry.

The Canadian Dental Research Foundation, an organization of the dental profession in Canada, have published many bulletins on the result of research and have distributed them to members of the profession and other interested persons. Their work has been, to date, supported entirely by donations from dentists.

We believe that the Dominion Government should stimulate our efforts in research by making grants to recognized and properly organized groups or Universities, particularly in the field of prevention of dental disease. These grants should be contingent upon the standard and quality of the undertaking.

HEALTH INSURANCE.

In Canada, today, we see signs on every hand of social and economic changes. Our experiences of the past few years have brought clearly before us the desire and need of a very large group of our citizens

for better social security. We have observed that the leaders of our Government have taken heed of this necessity. We feel assured that in Canada we have a people with sufficient soundness of thought, that they will assist the leaders of our Government to bring about any necessary changes by the process of evolution.

Along with the desire to provide better living conditions and those essentials necessary for the ordinary comforts of life, there is evidence of an increasing demand for the solution of the problem of securing adequate health protection for low-wage groups and indigents, on the basis of an adequate service with adequate returns for those rendering that service.

There are many both within and without the healing professions who believe that health insurance is the solution of the problem.

The Canadian Dental Association some years ago appointed a Committee to study the matter of State Dental Health in all its aspects, including Health Insurance.

This Committee has been unable to find available information at present in Canada to show:

1. The amount of work necessary to restore dental health in the mouths of those who would most likely need and seek the protection of Health Insurance.
2. Whether it would be financially and physically feasible or not to inaugurate a system of Dental Health Insurance on a Dominion-wide basis for those who cannot provide health services for themselves.
3. To what extent the Insurance principle could be

applied to dental treatment for the group that would be most likely included, if a system of Health Insurance should be introduced in Canada, having in mind that practically all of these people included would require dental treatment, either preventive or restorative.

The Canadian Dental Association maintains that if Dentistry is included in any plan of Health Insurance in Canada, dental services should be made a statutory benefit.

While the Canadian Dental Association realizes and is convinced that a very great need exists among our people unable to afford the necessary services to have a healthy condition in their mouths, it is as yet neither advocating nor opposing any system of compulsory contributory Dental Health Insurance, because of lack of definite information regarding the amount of services necessary or the cost of same.

Before introducing any system of health insurance, this information should be acquired in one of the following ways:

1. By setting up an experimental area, or areas, of compulsory contributory Dental Health Insurance in each province with the object of obtaining information from which further decisions may be made.
2. By following the suggestion put forward at the conference of Provincial Ministers of Health at Ottawa in April, 1935. At this conference a resolution favouring the appointment of a Royal Commission to examine into the whole question of Health Services to the people of Canada was passed unanimously.

While the Canadian Dental Association would hesitate to recommend to this Royal Commission that another Royal Commission be appointed, we feel, however, as stated above, that it would be wise to obtain certain information, that has not yet been accumulated, before any system of compulsory Dental Health Insurance is inaugurated in Canada."

THE ACTING CHAIRMAN: You do not need to hesitate in making that suggestion as it has already been made by the Canadian Medical Association and it will also be made this morning, I believe, by the Canadian Nurses' Association. It has been suggested that a Commission should be instituted to make enquiry into these matters of health. You are not alone in making this suggestion.

DR. LAPP: Yes sir, thank you. I continue to quote:

If the Federal Government should see fit to launch such an inquiry we submit that we believe that only a dentist would have the understanding of dental problems that would be necessary if all the facts pertaining to dental services and dental needs were to be collected. We would, therefore, respectfully suggest that if such inquiry is proceeded with, and in the interests of the health and well-being of the people of Canada, a dentist should be included with those appointed to conduct the survey.

The Canadian Dental Association stands ready to give guidance or assist in any way, not only in securing the desired factual information, but in the formulation of an ultimate plan if the Government should see fit to introduce a system of Health Insurance either federally or provincially."

(Page 7989 follows)

I have a summary, Sir, of our recommendations:

"In order that we may make more clear our conception of the responsibility that should be assumed by administrative bodies in Canada for the protection of the dental health of the people, we beg to submit the following suggestions:

We feel that the Dominion Government should accept a larger share of the responsibility with respect to health by the following means---

1. By further building up of a Department of National Health staff of recognized ability who would be in a position to give leadership and accept more responsibility for health in Canada.
2. By providing for the separation of the Department of National Health from the Department of Pensions. (We feel that the Department of Pensions at present must require a large measure of attention from the Minister and his Deputy and that the best interests of the people would be served by the creation of a separate Department of Health.)
3. By establishing a dental division in the Department of National Health under the direction of a dentist, who should be known as the National Director of Dental Services. His status should be the same as the head of any other division in the Department, and he should be responsible directly to the Minister or his deputy.

In order to secure the greatest measure of co-operation and support from the dental profession, and consequently in the best interests of the people, this appointment should be made in consultation with organized dentistry in Canada.

4. By bringing about a more definite understanding between the Federal and Provincial Governments

- as to their responsibility in health matters.
5. By making a study to determine the best means by which those people, who at present can only provide partial dental care for themselves and their dependents, may be assured the protection of adequate dental care.
 6. By making a study to determine the best means to provide necessary dental treatment to those who cannot provide any dental services for themselves and their dependents and take the necessary steps to assume a proportionate responsibility with the Provinces to provide this treatment.
 7. By assuming responsibility for the provision of necessary dental treatment for all young people in Canada from the age of two years to fifteen years inclusive, whose parents cannot provide these services for them.
 8. By co-operating with the Provincial Departments of Health and Education to provide for yearly dental examinations by a dentist for all children in elementary and secondary schools in Canada. Also class-room educational talks by the dentist to the children at time of examination.
 9. By providing supervision by a dentist and financial support for Public Dental Health Education on a national scale. (Some of the pioneer work in this field, that has been established and proven by voluntary organizations, should be taken over and carried on by the official Public Health Department of the Federal Government.)
 10. By providing direct grants to certain organized groups for dental research, such grants to be contingent upon the standard and quality of the undertaking.

11. By either establishing experimental areas of compulsory contributory Dental Health Insurance to obtain statistical data from which further decisions may be made, or appointing a Commission to examine into the whole matter of Health conditions in Canada before inaugurating a system of Health Insurance either Federally or Provincially. A dentist should be included on such Commission.

Dental Health is essential to physical well-being, and the Federal and each Provincial and Municipal Health Department should have a dental division under the direction of a well-qualified dentist.

CONCLUSION

The possibilities by which Public Health measures and practice can add to the happiness and welfare of our people are becomingly increasingly apparent.

The realization of these possibilities has been restricted because of uncertain jurisdiction and inadequate financial support.

It is our sincere hope that your Commission may so define the field and responsibility for Public Health, as to make possible more efficient services with increased financial support, so that the benefits of modern Public Health may be made increasingly available to a larger proportion of our population.

All of which is respectfully submitted."

COMMISSIONER DAFOE: I think the observation might be made that this is part of a very much larger question, - the whole question of Public Health and health insurance. I do not think we have encountered, as we have travelled through Canada, any opinion by the provinces to turn that work over to the Dominion, although suggestions have been made by some Provinces, - perhaps by all of them, - that grants will be

acceptable for the furthering of health.

DR. LAPP: I think, Sir, that would be acceptable to us. I mean we feel that the Federal Government up to now has assumed no responsibility, - that is, no financial responsibility, for the provision of dental services, and we feel that the Federal Government should take not only a financial interest but an interest to see that those services should live up to a standard; that is, they should be established up to a certain standard.

BY MR. ST. LAURENT: Q. Dr. Lapp, there are just three or four points here which I think it might be useful to elaborate on. On page 7 you refer to a nationally supervised Public Dental Health Educational Programme, and in your recommendation on page 15, recommendation 9, you also refer to the supervision by a dentist and financial support for Public Dental Health Education on a national scale. Just what is it that the Association has in mind so far as a public health educational programme? A. Well, Sir, at the moment we have, as we have explained in the brief, the Canadian Dental Hygiene Council, a lay organization who work with the dentists and with the provincial and local authorities in conducting mouth health campaigns, to get the story of the value of dental health over to the people. That is worked very often through welfare organizations, service clubs, and that sort of thing, to get the story of the dangers of dental disease over to the public.

Q. That would be by publicity in magazines and newspapers and by radio addresses, and addresses to welfare clubs and things of that kind? A. Yes, Sir.

Q. Then on page 9 there is a suggestion that the Federal Government make a study of the best means to provide necessary dental treatment, and take the necessary action to assume a proportionate responsibility with the provinces. Just what

is it you have in mind there, by a proportionate responsibility?

A. At the present time, Sir, some of the provinces have provision for financial aid for dental services for those actually on relief. As I pointed out, these services are very limited. We feel that this should be a Federal concern and that this set up should be extended and made uniform throughout Canada, and that the Federal Government should have sufficient interest in these people to put some financial support behind this proposition.

Q. But in stating "a proportionate responsibility", you had no particular figure in mind as to what part should be contributed by the Federal authorities? A. No Sir.

Q. On page 10 there is a statement that there has been Dominion financial support, - the work of the Canadian Dental Hygiene Council has received financial support from the Dominion. Have you available here, something which would indicate what was the extent of that support? A. No Sir, but we would be glad to send it on to the Commission.

Q. It is something in the order of a few hundred dollars?

A. Yes, \$900.00 for several years and \$25.00 has been voted this year.

COMMISSIONER DAFOE: A direct grant to the association?

DR. LAPP: A direct grant to the Canadian Dental Hygiene Council to encourage the work.

BY MR. ST. LAURENT: On page 12 when discussing health insurance, the second paragraph; "we feel assured that in Canada we have a people with sufficient soundness of thought, that they will assist the leaders of our Government to bring about any necessary changes by the process of evolution." Just what had you in mind, this process of evolution? A. Sir, what we have in mind there, we have a people in Canada who we can be proud of; we do not see uprisings here, efforts made to overthrow governments and that sort of thing, and we feel that

our people here have sufficient soundness of thought that they can support governments which are dealing fairly with the people.

Q. But is the process of evolution referred to here merely an enlightenment of public opinion? A. We mean that should be step by step.

Q. So that public opinion will take to the idea of proper dental care? A. Yes, that is it exactly.

Q. Then on the same page: "There are many both within and without the healing profession who believe that health insurance is the solution of the problem." But your Association as a whole is neither advocating nor opposing health insurance at the present time? A. No Sir, because we feel that at the present time we have not sufficient information on the subject. We are advocating a study of that.

Q. Does your Association feel that there is any real question as to where legislative jurisdiction lies with respect to these matters? As a matter of fact, your own body is, is it not, though a Dominion organization, organized professionally on provincial lines? A. Yes.

Q. Each group gets its legislative enactments from the various provincial legislatures? A. Yes.

Q. And has there been any question that the legislators were not competent to enact any legislation that you might require for the proper exercise of the profession? A. No Sir.

Q. Is it not rather that it is a financial problem?

A. Yes.

Q. And that the provinces and municipalities have not - probably because they were unable to - spent a sufficient amount of money on that work? A. Yes.

Q. And that the real question is not one of legislation, but one of where the money is coming from to provide the

additional services that you feel the public health of the population requires?

A. There is a little more than that. We feel that the Federal Government should not be interested only from the financial aspect, but they should be interested in these services from the standpoint of standard; that is, a study of the equality of services that is encountered, - sort of a two-fold tie-up.

Q. But as far as compulsory methods are concerned, that would have to be enacted by a provincial authority? A. Yes.

Q. And that would be so even if this recommendation on page 13, - that there be set up an experimental area, of compulsory contributory Dental Health Insurance, - that would have to proceed from provincial enactment? A. Yes, that is right.

Q. Well then, on page 15, next to the last paragraph, where the statement is made that the realization of these possibilities has been restricted because of uncertain jurisdiction and inadequate financial support, is it not rather the inadequate financial report that has been the real trouble rather than uncertainty as to legislative jurisdiction?

A. Possibly so, Sir. I think we had in mind there that public health, as has been explained here, as we know it today probably did not exist at the time of Confederation, and we are interested in public health, and I think it was that that was the motivating force behind this statement.

Q. But you, of course, know the general tenor of the decisions of the Privy Council on the reference of 1935, that the ^{clause} peace, order and good government/ can be invoked only in the case of national emergency? A. Yes. Mr. Chairman, and Members of this Commission, on behalf of the Canadian Dental Association I wish to thank you for this opportunity of appearing before you, and we trust that our submission, which is now in your hands, will receive due consideration.

THE ACTING CHAIRMAN: You may rest assured we will give

very careful consideration to your brief. It will be filed as Exhibit No. 330.

EXHIBIT NO. 330. Brief of Canadian Dental Association.

THE ACTING CHAIRMAN: The Canadian Nurses' Association. Who will make the presentation?

Miss Jean I. Gunn, Chairman of Health, Insurance and Nursing Service Committee of Canadian Nurses' Association.

MISS GUNN: Mr. Chairman, and Members of the Royal Commission, I have the honor this morning of presenting the brief of the Canadian Nurses' Association.

"In 1860, only seven years before Confederation, the first Training School for Nurses in the British Empire was organized in St. Thomas's Hospital, London, England, by Florence Nightingale. At the time of Confederation in 1867, there were no trained nurses in Canada and only a few Canadian hospitals were beginning to introduce the methods of training nurses advocated by Florence Nightingale.

In 1904, the first provincial nurses' association was organized in the Province of Ontario, and subsequently the other provinces organized. In 1908, the Canadian Nurses' Association was founded and became a member of the International Council of Nurses in 1909.

The Canadian Nurses' Association represents the registered nurses of Canada. It is a federation of the nine Provincial Nurses' Associations, membership in any one of which provides membership in the National Association. The National Association is a means of creating unity and mutual understanding. It is also a link with other national organizations belonging to the International Council of Nurses. The provincial associations are all incorporated

"under provincial regulations either by Act or Letters Patent. Each provincial association has an Executive Secretary who also acts as Treasurer, and in some of the provinces as Registrar and Inspector of Training Schools for Nurses.

The Canadian Nurses' Association is not incorporated. On March 1, 1938, the Association had a total of 14,254 members. The National office of the Association, located in Montreal, is in charge of a full-time Executive Secretary. The official organ of the Association is The Canadian Nurse.

The objects of the Canadian Nurses' Association are:"

With your permission, Sir, I would like to make one or two explanatory comments as I present the objects.

"I. To promote national unity among the nurses of Canada."

The Canadian Nurses' Association is at present working toward the registration of Nurses under Federal legislation in order to have a uniform standard of nurse education in all the Provinces of Canada.

"II. To elevate the standard of nursing education and practice in order to render the best type of public service."

In reference to that object the Canadian Nurses' Association has with the active participation and co-operation of the nine Provincial Associations, compiled a Curriculum for Schools of Nursing for the use of all the Schools of Nursing in Canada. This Curriculum is detailed and is most helpful to all nurse instructors. It is also aimed to elevate the standard of nursing service by making the course of training of a higher educational standard.

"III. To stimulate in its members an active interest in community welfare."

In reference to that object the Canadian Nurses' Association is endeavouring to find a way of giving better nursing service to the public. The Association is showing this in a very definite way in the experimentation of organizing Community Nursing Service Bureaux. It is thought by the Association that the public could be supplied with any kind of help needed in the home during a period of illness. This would provide graduate nurse service, visiting nurse service, practical nurses, housekeepers, etc.

At present, a National Committee, representing the Victorian Order of Nurses for Canada and the Canadian Association is about to make the first experiment in the organization of Community Nursing Service Bureaux. For this purpose, the Canadian Nurses' Association has allocated \$8,000.00, and will be prepared to increase this contribution should more financial help prove necessary. This demonstrates very definitely the interest of the nurses of Canada in the welfare of the Community.

"1V. To encourage an attitude of understanding towards the nurses of other countries. "

The Canadian Nurses' Association has many international contacts: The Florence Nightingale International Foundation was organized as a memorial to Florence Nightingale, and provides advanced post-graduate courses to nurses of all countries. These courses of study are given in Bedford College, University of London, London, England. As a support to this Foundation, the Canadian Nurses' Association has sent a Canadian Nurse to the course for the past five years, awarding a scholarship of \$1250 annually. In addition, a similar amount has been given annually to the endowment fund.

The Canadian Nurses' Association has a very active contact with other countries in arranging exchange of nurses for experience in nursing. Nurses have been received from

other countries and the Canadian Nurses' Association has been responsible for arranging this experience in Canada. Likewise, Canadian nurses have gone to other countries for observation and practical experience. Since February, 1938, 20 nurses have been sent to Capetown, South Africa, to be employed in the new Groote Schuur Hospital. The arrangement for all such exchange of nurses is planned by the National Associations of nurses in the different countries, the group going to South Africa being sponsored by the South African Trained Nurses' Association.

This will show that the Canadian Nurses' Association is very active in encouraging an attitude of understanding toward the nurses of other countries.

"Graduates from Schools of Nursing which comply with provincial regulations and have, by examination, satisfied the body administering the provincial Registration Act of their qualifications, are thereby entitled to the use of the term 'Registered Nurse.' No provision has been made as yet for Dominion Registration, but a Committee of the Canadian Nurses' Association is engaged in a study of it. The number of registered nurses in Canada is estimated to be over 20,000.

PRESENT ORGANIZATION FOR NURSING SERVICE

1. Nurses are now serving communities in Canada through the following channels:

(a) Public and private hospitals, sanatoria and other institutions.

(b) Public Health Activities---

Official organizations - Federal, Provincial, municipal.

Voluntary organizations as: Victorian Order of Nurses for Canada, Canadian Red Cross

"Society, Local organizations, etc.,

Life Insurance Companies,

Industry and Commerce.

(c) Private nursing--bedside care in homes and hospitals.

11. Methods of Employment:

(a) In all services cited in Numbers (a) and (b) of Section 1, nurses, selected and employed on a more or less permanent basis, are paid a monthly salary and their work is under supervision.

In the selection of these nurses, however, there is no central or co-ordinating agency by which the nurse free for employment is brought in contact with the organization needing her services.

(b) The nurse engaged in private duty is a 'freelance' worker. She secures employment through membership in a registry maintained and controlled by members of the nursing profession in the area in which she works. Such registries are autonomous and serve only as employment agencies. In smaller communities where there is no such registry organized, the nurse is usually known by the physician and called by him to his patient. There is no provision for the supervision of the work of the private duty nurse, except when she is employed on special duty in a hospital."

With your permission, Mr. Chairman, Miss Moore will take the next section of the brief, as she has recently made a survey covering the situation.

MISS MOORE: Mr. Chairman, and Gentlemen of the Commission:

"Difficulties Experienced by the Public in Securing Nursing Service.

At present, there are probably sufficient nurses in Canada to give adequate nursing care to all who require it. However, because of the lack of community organization to provide both full and part time nursing service, a large percentage of ill people remain unserved. This applies principally to the non-hospitalized sick. The outstanding reasons mainly responsible are:

1. Lack of Knowledge of Available Services:

Even in communities where there is adequate provision for all types of nursing care, people go unserved because sufficient publicity is not given to existing resources.

11. The Present Distribution of Nursing Services:

(a) Urban Communities:

The urban population of Canada in the 1931 census was 5,572,058.

REGISTRIES: In the majority of urban communities, a centralized professional registry is non-existent.

PRIVATE DUTY NURSES: Except in very small communities, there are sufficient private duty nurses.

VISITING NURSING ORGANIZATIONS: Only 24% of urban communities with a population of over 2000 have a visiting nursing service. It is recognized that a large percentage of ill people can be satisfactorily cared for by an efficient visiting nurse organization.

(b) Rural Areas:

The rural population of Canada in the 1931 cen-

was 4,804,728.

Registries: There are relatively few nurses' registries serving rural communities.

Private Duty Nurses: This service from the standpoint of availability is very inadequate. Many rural districts have not even one resident trained nurse.

Visiting Nursing Organizations: This service is practically negligible in rural areas.

III, The Inability of People to Pay for an Adequate Nursing Service:

This requires no explanation. The high cost of medical care is an established fact, and as skilled nursing care is an integral part of medical care, financial reasons prevent a considerable number of all people receiving efficient and necessary nursing attention."

Existing Conditions Which require Further Investigation:

In 1929 a survey of nursing needs in Canada was made under the joint auspices of the Canadian Medical Association and the Canadian Nurses' Association. In the published report SURVEY OF NURSING EDUCATION IN CANADA, George M. Weir, D. Paed., University of Toronto Press, 1932, the following conditions were revealed. The findings of a recent survey in Ontario were similar, indicating that the conditions have not changed materially during the last few years.

1. According to medical evidence, fewer than 38% of the patients in the average Canadian community who need the services of a trained nurse are able to obtain them, while the others, 62% of the cases of average acute illness, are cared for by untrained attendants.
11. There is ample evidence that only 3 out of 8 people of moderate means who require skilled nursing care, are able to pay for such service where it is available. Even a relatively brief period, two months for instance, of payment for nursing service in hospital or home imposes a serious financial handicap with resultant debt from which recovery is difficult and in some cases impossible. This does not mean that the charge for the services is excessive, since the Survey disclosed that the average annual salary of the private duty nurse (in the year 1929) was approximately \$1,000.00. The problem is an economic one for families of moderate means, which apparently

can only be solved by a definite plan to replace the present lack of system for the provision of nursing care.

111. One of the chief anomalies in the health situation in Canada today is the fact that over 90% of the trained nursing services are readily obtainable in a geographical sense by only about 46% of the population. This points to the fact that a large majority of rural communities are practically without skilled nursing care."

With your permission I should like to give the results of the survey referred to as having been carried out in Ontario recently. There are rather two surveys. One was carried out in 1935 by a committee of the Registered Nurses' Association on which there were representatives from the Ontario Medical Association, the Women's Institutes and social workers of the province. The survey was conducted during February and March of 1935 in all districts of Ontario with the exception of the four large cities: Hamilton, London, Ottawa and Toronto. It was felt that in these centres such information was readily available. The Ontario Medical Association cooperated closely with the committee.

The questionnaire method was used and as far as possible the questionnaires were taken by nurses to the physicians. Replies were received from 728 or approximately 1/3 of the physicians in the districts covered. 678 of the questionnaires were completed and were tabulated as to the findings based upon them. The information requested referred to one day only.

The total number of cases reported upon was 13,982. It should be remembered that in a one day survey convalescent

and ante-natal patients are included, and might not require nursing service.

Of the 13,982 cases 4,433 or 32% were said to need trained nursing care. Of this number 2,089 or 47% of those said to need were receiving trained nursing care. Only 50% of the pneumonia cases said to need were receiving.

The reasons given by the physicians why this situation existed: In 1,558 or 80% of the cases needing and not receiving the people were unable to afford the care. In 391 or 20% of the cases they did not wish it.

The medical statistician who interpreted the findings of this survey advised a further survey be made in three districts, and in March of this year Districts 5, 8 and 9 of Ontario were surveyed. District 5 represented the Counties of Peel, York, Ontario and Simcoe. District 8 the counties of Carleton, Russell, Prescott, Glengarry, Stormont, Dundas and Renfrew; District 9, the districts of Algoma, Temiskaming, Sudbury, Nipissing, Parry Sound, Muskoka, Manitoulin Island and Cochrane.

This survey was for a much smaller area and 166 or less than 1/4 of the physicians in the area were reached and replied. 1811 cases were reported upon. 394 or 21.8% were said to need trained nursing care. 166 of 42% of those said to need were reported to be receiving care. This figure represents 9.2% of the entire number of non-hospitalized sick. Of the 166 receiving this care 79 or 48% were receiving it from trained nurses in the home. 85 or 51% were receiving care from the visiting nurse associations. Two cases had other care. 228 or 57% of those said to need trained nursing care were not receiving it.

The reasons given were: In 163 cases or 72% were unable to afford. 14 cases or 6%, scarcity of nurses. 51 cases or 22% other.

We also inquired as to the care these people were receiving at the present time and in 30 cases or 13% were cared for by a practical nurse and 198 cases or 87% by members of their families. Thank you.

MISS GUNN: To continue with the recommendations:

THE ACTING CHAIRMAN: Just a moment, Miss Gunn. The following paragraph raises one of the most important questions. Has your association given thought to what kind of a plan should be worked out? Would you please put that paragraph on the record? It is one of the most important paragraphs in my opinion.

MISS MOORE : "The total number of registered nurses in Canada might be sufficient, if properly distributed, to provide care for the health and sickness needs in all communities. The necessary distribution cannot be effected without some definite plan, as the average rural community is unable, of itself, and few of its members are able individually to provide financially for such service."

THE ACTING CHAIRMAN: Has your Association given thought to what kind of plan might be worked out? It is really important.

MISS MOORE: Yes sir, but it would seem from what we have learned in our surveys that the members of the profession of physicians are not able to give effect to any plan that would reach this need.

THE ACTING CHAIRMAN: I am not saying "give effect to it", but have you thought of some plan which might be worked out?

MISS MOORE: Yes.

THE ACTING CHAIRMAN: How could it be done?

MISS MOORE: The community nursing bureau referred to by Miss Gunn has been thought of as a beginning, something that would give information upon which further plans might be based. That is the most concrete thing that the association has thought of.

THE ACTING CHAIRMAN: Thank you.

MISS GUNN: To sum up the recommendations:

"The Canadian Nurses' Association is of the opinion that a form of Health Insurance which included as an integral part of the medical care adequate provision for nursing service, would assist in meeting effectively many of the existing nursing needs of both urban and rural communities.

Since the Canadian Nurses' Association is a federation of the nine Provincial Associations of Registered Nurses and each Provincial Association is organized in the individual province it represents, the following recommendations will apply to any Federal or any Provincial movement toward Health Insurance from the standpoint of national or provincial organization.

Recommendation #1: That before Health Insurance is applied to Canada as a whole or to any province, in Canada, a complete survey of all health services be first undertaken."

I would like to say, sir, that we make that recommendation because there is a lack of definite knowledge of conditions as they exist today in all parts of Canada. Surveys have been made in local areas but there is a definite lack of knowledge on the situation today.

THE ACTING CHAIRMAN: You are in agreement with the

Canadian Medical Association and the Canadian Dental Association on that point?

MISS GUNN: Yes your honor.

Recommendation #2:

"That, if and when legislation for Health Insurance makes provision for medical service to the insured, nursing service should be included."

In explanation of that recommendation, sir, very often medical service is supposed to include nursing service, but it is not so understood by a great many people, and in a great many instances medical service means only the service of the physician. So we feel we would like to stress the need of including nursing service as well as medical service. We would like to say also that nursing care is an essential part of medical care. Medical care is not adequate without nursing care. As an example of that a patient with pneumonia in his own home, where no hospitalization is possible, medical care is not adequate to really give that patient the required care. We would also like to stress the fact that including nursing care is an economic gesture in that many patients, if they had adequate nursing care, would not require hospitalization. At the present time, under the present system, the patient is sent to the hospital very often when that patient could be taken care of at home and very often the need in the home is nursing care. Therefore, we stress the importance of including nursing care with medical care.

No. 3 : "That the importance of the preventive aspect be stressed and that it be included under the administrative control of the Health Insurance plan, in co-operation with the constituted health authorities."

In connection with that recommendation, sir, we feel very strongly that any plan of health insurance should dovetail into the health program of the province and the municipality. We also feel that by stressing the preventive side that it will result in an economy both for the patient and for the state. If people are encouraged to seek advice before they are acutely ill it would be a ~~very~~ great saving both for the patient and for the state and facilities should be provided to make this possible. ~~We suggest~~ that health insurance should not be limited to the people who are ill, if so, the chief value is lost and the result is very costly in human suffering even more than from a financial standpoint.

Recommendation No.4: "That, in the set-up for the administration of Health Insurance, the organized nursing profession be afforded an opportunity of serving in an advisory capacity on all questions relating to nursing service."

In explanation of that recommendation, we feel very strongly that no one except nurses can really speak with authority on nursing service. Therefore we feel that the nursing profession could make a contribution in that respect.

Recommendation No. 5: "That, if and when Regulations for Health Insurance are being drafted the organized nursing profession be permitted to discuss the nursing aspects of the plan."

In making this recommendation the Canadian Nurses' Association realizes that being organized both nationally and in each province of Canada that the Association is in a position to take an active part in the development

of health insurance either provincially or from a national standpoint.

"In conclusion, the Canadian Nurses' Association wishes to express its very grateful appreciation to the Royal Commission on Dominion-Provincial Relations for granting to the Association the privilege of presenting this brief."

I would also like the privilege, sir, of leaving for the files of the Commission a copy of our "Canadian Nurse" which is our official organ.

THE ACTING CHAIRMAN: That might be filed as an exhibit.

EXHIBIT NO. 331 Brief of Canadian Nurses' Association.

EXHIBIT NO. 332 - Copy of "Canadian Nurse".

MISS GUNN: All of which is respectfully submitted. And I would like to express our very sincere appreciation of being allowed to appear before this Commission and to represent the nurses of Canada.

THE ACTING CHAIRMAN: We must also thank you for the submission itself and for the manner in which it was presented.

COMMISSIONER ANGUS: Miss Gunn, what relation, if any, is there between the Canadian Nurses' Association and the nurses who are members of religious organizations?

MISS GUNN: There are many nurses who are members of the religious organizations who are also members of the Canadian Nurses Association. We have no direct connection with any organized religious group but we have in our Canadian Nurses' Association a great many religious sisters who are members of our association, so that in all the provinces we have the nurses from the different religious orders. We have no direct

connection with them from an organization standpoint but they are members of our Association.

MR.ST.LAURENT: Miss Gunn, I find the statement that the number of registered nurses in Canada is estimated to be over 20,000. Do you know how many of the nurses trained in Canada are now in the United States?

MISS GUNN: No, I am afraid I could not tell you.

MR.ST.LAURENT: I have heard it said that among the best nurses in the United States are the Canadian nurses. Have you any information as to how many Canadian nurses there are in the United States?

MISS GUNN: No, I could not give any accurate information about that. I can say however that in the last few years Canadian nurses have not gone to the United States in as large numbers as previously due to the citizenship regulations in many of the states now, that a nurse has to become a citizen of the United States, which really takes five years before she can engage in many professional activities. So that has curtailed the number.

MR.ST.LAURENT: On page 4 there is the statement that the nurses are now serving the communities in Canada through several channels, and among others life insurance companies. Are the life insurance companies providing any considerable quantity of nursing services or visiting nursing services in the Canadian communities?

MISS GUNN: Yes, the Metropolitan Insurance Company gives a certain nursing service to all its policy-holders and in some districts they employ their own nurses and in other districts they employ the local Victorian Order of Nurses Branch to carry on their work.

MR.ST.LAURENT: Are there any other life insurance companies doing similar work to the knowledge of your Association?

MISS GUNN: Not to my knowledge, no. I might say in their organization they may have nurses employed in their local plants but not in the public service.

MR.ST.LAURENT: On page 6 you deal with existing conditions and I see the statement that in the year 1929 the average annual salary of the private nurse was approximately \$1000. Have you any information which would enable you to say if that has continued through the years of depression or has there been a decrease or any modification in that?

MISS GUNN: I would say in answer to that, just giving a general answer, no. I have ~~any figures to~~ support my statement, that from general knowledge I would say that following 1931 the earnings of a private-duty nurse would be less than \$1000 a year, but within the last year or two I think they would be back perhaps to the \$1000 level.

MR.ST.LAURENT: Back to about what it was before?

MISS GUNN: I think so, sir.

THE ACTING CHAIRMAN: The National Council of Young Men's Christian Associations will now be heard, if they are ready to proceed?

MR. WILLIAM R. COOK: Mr. Chairman and Gentlemen:
The Chairman of our National Young Men's Committee, Mr. Joseph McCulley, the head master of Pickering College, would have been here to present this brief this morning but his father died quite recently and his plans have been completely disarranged. I am appearing to take his place. If there are questions following for reference, there are other members of our committee here. Would you care for me to introduce them, please?

THE ACTING CHAIRMAN: Certainly.

MR. COOK: Dr. George S. Patterson, the general-secretary of the Young Men's Christian Association of Toronto, the chief of staff. Mr. J.L. Moiklo, the executive secretary of the West-End Branch of the Young Men's Christian Association. Mr. Norman Long is the Young Men's secretary. Mr. Murray Ross is secretary for the Senior Section in the Toronto Broadview Association. Mr. Arthur Hobson, for the Young Men. And there are three lay members here: Mr. Mowatt, Mr. Hugg of our National Young Men's Committee, and Mr. Kenneth Woodsworth, a member of the Toronto Association.

THE ACTING CHAIRMAN: What does the term "lay member" mean?

MR. COOK: It means they are not employed. These others are staff members occupying executive positions.

In addressing you, sir, we point to the fact that we are addressing you because we think that your appointment has stimulated a good many people, who have recognized difficulties in connection with life in Canada to offer their contributions in the hope that from among the many contributions some practical solutions may be developed. And later we refer to our relationship with youth and the basis of our observations.

THE ACTING CHAIRMAN: Perhaps for the purpose of the record it might be well to read page 14, because your submission starts at page 13, and to show what your Association represents you might perhaps read page 14.

MR. COOK: Thank you.

"A few lines may indicate our relation to youth and the extent and nature of our organization. The purpose of our Canadian Association is expressed in the following statement: 'The Young Men's

Christian Association is a world-wide fellowship of men and boys united by common loyalty to Jesus Christ for the purpose of developing Christian persons and a Christian Society'.

There are seventy-four local Associations in Canada with a total of over 79,000 members and participants, the great majority of whom are under twenty-five years of age. These Associations are autonomous organizations responsible to their constituencies in their own localities. They are directed and largely conducted by voluntary service and leadership - there were over 11,000 directors and committee men reported in our last Year Book. The directorates of these Associations represent the experience and interest of responsible sections of the community and have knowledge of the conditions, and sympathy with the aspirations and difficulties of youth. It may be assumed that their suggestions are personally disinterested and based upon concern for the welfare of young people. Our National Council is a clearing house and service agency composed of elected representatives from these Associations."

THE CHAIRMAN: I think that would be sufficient.

MR. COOK: The observations that are referred to follow on the same page.

There is a very brief preamble and we come immediately to our recommendations, sir.

"Young people from sixteen to twenty-five years of age constitute the most important mass group in the nations of today. The potential power for political and social change which they possess is well understood and energetically exploited by

national youth programmes in such countries as Russia, Germany and Italy. In times of war the value of youth is recognized; it is not always equally recognized in times of peace.

We would be wise to develop without delay peace time, democratic alternatives to totalitarian nationalistic youth programmes based on war psychologies.

The health, education, employment, marriage and citizenship of our youth are matters of fundamental importance to our national life. Complete and independent provincial jurisdiction and control in these matters, if continued, will tend to aggravate dissatisfactions, accentuate sectionalisms, and menace that 'national unity' the fostering of which is one of your chief concerns.

We desire for all youth, without regard to creed, colour, origin or social or economic status, equal opportunity to train for and to occupy fully their rightful places of service and responsibility in the community".

May I refer to a clause in the appendix that suggests this is giving the point of view of a gathering of young people themselves:

"We want equality of opportunity and right for all people in our country, regardless of race, creed, colour and political opinion".

"We believe this will best be assured through some form of federally co-ordinated research, planning and action.

RECOMMENDATION:

'We believe, therefore, that a Dominion

Youth Bureau should be established which would be responsible and competent for:

- (1) Formulation and recommendation to Dominion and provincial governments, and where appropriate, administration, of policies on behalf of the protection and development of youth;
- (2) Continuous research into the needs of youth in all sections of Canada with reference to health, education, employment, marriage, ~~crime~~ and its prevention and cure, and other matters affecting their welfare;
- (3) Advice in the selection and participation in the supervision of projects under such federal grants as may be made from time to time for youth projects under provincial administration.
- (4) The gathering of data systematically from the operations of all such projects with a view to evaluating their quality, and developing high standards of efficiency.

Such a bureau or administration could seek and secure co-operation through the formation of national and local or sectional advisory boards which would include representatives of commercial, industrial and financial associations, educational authorities, religious bodies, social service agencies, trade unions and agricultural groups, and youth organizations.

Such a bureau should be directed by permanent officials, free of what is commonly called political control, and staffed by personnel of civil service qualifications."

In the next section we suggest some of the problems and needs which seem to support this recommendation.

HEALTH

1. A national health campaign among youth under the co-operative sponsorship of provinces and Dominion is urgently needed. The director of physical education for one of our largest Universities has said recently that physical examinations reveal over 60% of students entering college to be below army standards of physical fitness. It is well known that ignorance of, and carelessness in observing the laws of health are wide-spread.
2. The provision in localities by the Federal authority of equipment for and instruction in military training is precedent for the assumption that peace time provision could be made with equal appropriateness for the recruiting and leadership of youth in a nation-wide programme of physical education and recreation.
3. Education in social and cultural recreations and personal hobbies would help mitigate problems of unemployment. Observations (made in the section which follows on education) regarding the development of competent vocational counsellors applies equally to the development of qualified leadership for recreation."

May I quote from a survey of Youth and Recreation made in Toronto regarding the principles which we refer to? I have one copy which I can file with the Commission. It is from the City Clerk's office in Toronto.

THE ACTING CHAIRMAN: That might be marked an exhibit.

MR.ST.LAURENT: The brief itself might be exhibit 333 and this other document exhibit 334.

THE ACTING CHAIRMAN: Will you read again the title of the document you are filing, please?

MR.COOK: "Youth and Recreation in Toronto".
And there are quotations from it, if the members of the Commission would care to have them, in a pamphlet issued by the Canadian Welfare Council, of which I do have copies?

THE ACTING CHAIRMAN: Please.

MR.COOK: "The encouragement of active participation in recreative spare time occupations by all classes of the community, and particularly by the youth group, is a present and future responsibility of the community, of the same nature as the accepted responsibility for the education of children, or for the protection of public health.

Recreation is more than mere amusement or entertainment. It is more than sport. The occupation of leisure should include opportunities for the pursuit of knowledge, the appreciation and enjoyment of beauty in art, music, drama, literature, and nature, and the expression of creative powers through co-operative activities and individual hobbies.

The problem of recreation for unemployed youth is the problem of recreation for everyone in the community. Unemployed youth must not be put into a separate class of under-privileged persons, different from and apart from other people.

The organization of facilities and resources so as to make them known and easily useable by all sections of the community, is more desirable

from every point of view than the organization or regimentation of unemployed youth into fixed schemes or plans of highly organized and standardized recreation.

Sympathetic, trained, competent personnel is as necessary for recreation leadership for youth groups as it is for the teaching profession."

There is another comment from the Congress of Young People to whom we referred:

"We know the value of games and sports in the maintenance of health of body, alertness of mind, and discipline and co-operation in social relations. We want public facilities and trained leaders and workers, as are now provided for more formal education, for wholesome recreation for all the people, rural and urban."

EXHIBIT NO. 333 -

Brief of the National Council of Young Men's Christian Association.

EXHIBIT NO. 334 -

Preliminary survey "Youth and Recreation in Toronto".

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The need for some means of distribution of national income so that the more needy could share with the more fortunate is indicated in the following references to education."

Again I quote:

"We want to know about ourselves. We want to know how to keep well and how to control and direct our emotions so that we may be more efficient for our tasks. We want to know the principles and techniques of human relationships. We want to know what are the most effective forms of organization by which society can achieve its ends. We want to know about the nature of the universe in which we live.

1. If we are to develop a unified people in Canada and not to increase sectionalism, we must cultivate common educational standards throughout the nation. Recognizing special sectional needs, and that education will continue to be the prerogative of the provinces, a greater correlation of educational systems and processes around common minimum standards of academic education and vocational training would be advantageous to Canada as a whole.

2. Vocational Counselling of all youth is necessary to national efficiency. Federal stimulation of vocational counselling related integrally to education would help develop uniform standards of effective method and qualified personnel. (Technical education has been helped by federal subsidy.)

3. Vocational education is denied to all but a small proportion of children who live in certain provinces and cities. Vocational education in so far as it relates to agriculture is also inaccessible

"to the vast majority of those who need it most, those who themselves live on the land. Such adjustments are a necessary to provide vocational education on the basis of need, rather than the ability to pay, is in the interests of a healthy national life. It will help develop a population equipped to compete whether in industry or agriculture, with the peoples of the world.

4. The maintenance of education at a high level involves experimentation in method. The burdens of taxation prevent communities and even provinces from experimentation. Private progressive schools for those who can pay the costs involved are, by their nature, limited to a certain economic section of the community, and their usefulness as instruments for the development of culture in a democracy is limited. It would seem to be as reasonably a function of the Dominion government to establish experimental schools as it is to establish and maintain agricultural experimental stations.

5. In most provinces there are compulsory school attendance laws, which require attendance up to 16 or even to 18 years of age. Above this age the community recognizes no responsibility for free education. Scores of thousands of young people who have had all of the formal schooling provided to them by the community, in the past few years have been unable to find employment for their talents and energy, and have been left to shift for themselves. Many have become homeless wanderers drifting from place to place. The establishment of informal educational projects with groups of young people, under the supervision of educational authorities, and with the financial

"cooperation of the government is suggested. This might be done in cooperation with private agencies in touch with youth (such as the Young Men's and Young Women's Christian Associations and the Canadian Association for Adult Education), or with the schools."

Concerning employment, may I quote once more, sir, from these young people:

"We want employment at socially useful occupations and projects. We want employment which will provide compensation adequate to the requirements of a decent standard of living so that we can take our place and fully meet our responsibilities to our families and communities."

Returning to page eight of the brief:

EMPLOYMENT

1. There is urgent need of a federal policy on minimum wages, maximum hours, unemployment insurance and relief as applied to youth as well as to other sections of the population.

2. Reasonably accurate knowledge of the numbers, types, and geographical distribution of young persons seeking employment should be recorded and publicized by some central authority annually.

3. Frequent employment surveys of trends in industry, commerce, and other occupational fields would be of untold value to all those responsible for planning or adapting vocational education to suit the times and demands and would provide a basis for future efforts of government on behalf of youth. It would also serve youth as a basis for making vocational choices.

" 4. The constantly changing nature of occupations, the elimination of certain occupations and the advent of new ones, due to inventions and mechanization, make continuous national research and reports necessary to vocational choice, and vocational education.

MARRIAGE

Studies made by groups of young people are definite and specific in stating that the postponement of marriage beyond the customary years for marriage in Canada, made necessary by economic barriers---no income due to unemployment, or inadequate income due to low wages or part time---is changing the moral standards of our people. The conclusion as summed up in one of these studies is quoted: 'The nub of the question seems to be this: shall we modify our traditional morality to fit changing economic conditions, or shall we change the conditions which threaten our morals.' This discloses a national problem of such gravity as to demand the most thorough-going study and intelligent action of which we are capable as a people."

Referring to the quotation in the index at page 23:

MARRIAGE

'Many problems--problems for which this generation of youth are not responsible--combine to prevent young people from living and enjoying a normal and healthy existence. To work--to marry--to have a home and children---to so order our lives that we may be enabled to make our contribution to the progress of our nation and---united--to so combat our national problems that we may, with other

"nations, establish a World Christian Order. This should be our duty and our right. To be deprived of the right to work and to earn a livelihood is in itself a denial of Christian principles, but to prevent the normal union of man and woman--that union which expresses itself in a home and family, is a sin in the sight of God and man. To counsel restraint is insufficient. We must seek to abolish the barriers preventing normal-age marriage. It is obvious that economic insecurity is at once the greatest and most difficult factor. But we must not overlook the need for the development of educational measures that will constructively mould the minds and bodies for the responsibilities that home and marriage entail."

There is a quotation here, sir, from a study made by a voluntary group of young people, of which I have approximately enough copies for the Commission. It is entitled, "Youth's eye-view of some problems connected with getting married".

THE ACTING CHAIRMAN: One of those copies can be filed as exhibit number 335.

EXHIBIT NO. 335: Copy of "Youth's Eye-view of Some Problems Connected With Getting Married.

MR. COOK: There is also one copy of a report of twelve young men published by the Premier of New Brunswick, and it is entitled, "Youth in the Next Decade".

THE ACTING CHAIRMAN: That will be exhibit number 336.

EXHIBIT NO. 336: Copy of a report of "Youth in the Next Decade".

MR. COOK: Quoting from the brief at page ten:

"1. The large number who are young people under 25 who become an expense to the community as offenders against law and as inmates of reforma-

"tories and penal institutions draws attention to the importance of preventive efforts with young people. A recent survey of youth in one of our largest cities showed that while juvenile delinquency had decreased during the period since 1927 and offences by those in the 20 to 30 years old group had diminished also, the number of those 17 to 19 years of age, inclusive, apprehended for criminal offences during the year, was more than double the number for 1937.

2. The depression period wrought moral as well as economic havoc. These young offenders were the product of the same social organism, the same educational system, the same moral traditions as the vast majority who did not get into trouble. But out of school, out of work, out of money, and out of confidence in the community, they were fertile soil for any idea that came along. Furthermore their parents expected them to get jobs and in many cases they were driven to bring money home. To anticipate and prevent such offences against society by removing the causes, or at least by providing worthy outlets for loyalties, energy and initiative, would avoid waste and destruction of valuable personality, and save the state money.

3. The education of personality for good citizenship is the governing principle in the administration of most juvenile courts and in the treatment of juvenile delinquents. The resources of science in mental hygiene, psychiatry, and sociology are at the disposal of the courts through staff and official relationships, for investigation, study, consultation and advice.

"The resources of educational, recreational, social, religious and group work agencies are drawn upon for treatment. Results in the preservation of individual personality and social health have amply justified this policy. In addition it has saved money for the community. The extension, with such appropriate modifications as may be necessary, of the principles and methods now recognized in dealing with juvenile delinquents to offenders of the next older age group would be to public advantage."

The next is our summary:

SUMMARY

"Our primary interest is in youth, our most valuable national resource;

We believe that a national bureau should be established for the protection and development of youth;

Our understanding is that the British North America Act does not provide for such a bureau;

If it does not we recommend that the Act be changed so that it shall.

And we believe that the services of advisors conversant with the technical and legal problems involved and competent in the processes of political organization and administration can be employed to work out details of ways and means."

May I add one observation, sir, before closing.

Quoting again from the resolutions in the youth group report--in addition to setting out the things which they desired, they made a pledge which reads as follows:

"Conscious of individual differences, yet moved by our common need and our unity of purpose,

"herewith and herein we pledge and commit ourselves to labour, to struggle and to sacrifice in the cause of peace, freedom and opportunity for all in our land and for friendship with the youth of all lands...."

There are a number of other quotations from the youth congress and youth groups which have been put in here for their value as representative of the opinion of the young people. These quotations have been given directly, without any embellishments.

This is, "Respectfully submitted on behalf of the Young Men's Committee, the National Council of Young Men's Christian Associations of Canada,

William R. Cook
Secretary

Joseph McCulley
Chairman."

BY MR. ST. LAURENT of Mr. Cook

Q. On page two, Mr. Cook, you use the word "citizenship". It is used in the paragraph referring to health, education, employment, marriage and citizenship. In what sense is it used? A. That was used to avoid an awkward reference to the source of crime.

Q. It is not used in the technical sense of national citizenship, only the qualities of good citizenship, is it not? A. Yes.

Q. Then, on page seven, there is a reference that, "It would seem to be as reasonably a function of the Dominion government to establish experimental schools as it is to establish and maintain agricultural experimental stations." In respect to agriculture there is concurrent jurisdiction in the legislature on matters of ~~agriculture~~ ^{agriculture}, as opposed to the provincial prerogative in matters of education, and it is sometimes very delicate for any one to attempt infringement on the provincial prerogative. Have you considered that? A. We realize that in controlling the

youth, that is one of our most valuable resources and is a privilege. Nothing should stand in the way of the development of youth. The technique of education or pedagogy is as important as the technique of the raising of wheat and we ought to do a little more about it.

Q. I think you will find a good many people agreeing with you but has the Association considered the extent to which it would place itself on record as to whether or not any amendment to the educational provisions of the B.N.A.

Act should be made? A. No, we have not had the benefit of any expert advice on the matter. Our organization is so large that it would take a great deal of time to get a consensus of opinion upon such a question.

Q. On page eight, with respect to employment, there seems to be a statement that the Young Men's Christian Association believes there is need for a federal policy in respect to minimum wages, maximum hours, unemployment insurance and relief? A. Yes.

Q. And has the Association considered--of course, it knows, in a general way, of the judgments given on the constitutional questions submitted to the Privy Council in 1935--is the Association disposed to make a recommendation as to whether or not there should be an amendment in connection with this reference? A. No, it does not make any recommendations sir.

Q. It is not in a position to make any recommendation?

A. No, not in a position to do so. Might I amplify the suggestion made concerning our remarks here. Our Association is a series of local units and the information given here has been obtained over a period of years in the different councils and conferences. It is representative of the opinion of the whole association. However, to attempt to get such a representative opinion on all these technical questions would be almost an impossibility.

COMMISSIONER DAFOE: Do you find that the young people who feel they should be given leadership and direction have been looking towards the national government and not the provincial government? Is there any tendency to look towards Ottawa?

MR. COOK: I think the preponderance of opinion where that has been mentioned has been in the direction of the federal government. It is felt that government has more authority. Just as long as there are nine provinces, there are that many chances that nothing will be done. It is felt that the federal authorities were trying to stimulate and encourage the youth.

BY MR. ST. LAURENT of MR. COOK

Q. Of course, your Association has noted the recommendation of the Purvis Commission? A. Yes, in essence of course, the brief is a support for some others which have been presented.

Q. Has your Association noted what has been the result of the joint Federal-Provincial expenditures for the furtherance of some of the objectives mentioned in the brief? A. Our local associations have been trying to encourage and stimulate public interest in their localities. There is a feeling in some of the provinces that as much is not done as might be done. This is one of the things which turns them towards putting some emphasis upon federal control of these matters. There are many problems and ramifications when a subject is made a matter of provincial concern. It is felt that prospects for young people are better in some provinces than in others.

Q. Have the young men, generally, taken any interest in what has been done with these grants which have been provided by the federal government? A. Yes, they have been. The matter has been discussed at our young men's conferences. I think there is some ignorance of the exact

nature of these grants. Whether that is the failure to have enough publicity or whether it is due to the wrong kind of publicity, I do not know. There is a feeling expressed that governments might cooperate with voluntary associations which are interested in the development of these things and stimulate interest in the undertaking.

Q. Is there any suggestion of the demand being as readily available to use the pushing energy of the young man as if it were available in some other form? A. No, I have not heard any opinion expressed on that point.

Q. Is it something that the ability of the young man has to be put on to be effective? A. Yes, they think it should be very effective if we could use it in a more aggressive manner. The last conference of young people which I attended, where this was told, exhibited a feeling that in some localities where they do come in contact with it under varying conditions, they meet with apathy in some sections of the community. I do not know how explicit I should be here, sir, but there is some feeling that some of the control groups are not aware of their problems.

They feel then that it is something with respect to which there should be improvement? A. Yes, absolutely.

Q. Well, are there any specific recommendations which would lead to improvement? A. Not on that point, Sir. We could file with you a resolution that we forwarded to the Dominion Department of Labor and to the various provincial Premiers on this point, suggesting some principles for the carrying out of these projects in the various provinces, but we did not include them here; we did not realize that that was one of the things you might be concerned with. I have it with me and I can file it.

Q. Are they the considered views of the National Council of Young Mens' Christian Association of Canada? A. There is a resolution which expresses the considered view of the National Council of Young Mens' Christian Association, at its last annual meeting.

Q. I think it would be of interest to have that? A. This is a resolution passed at the last annual meeting of the National Council of Young Mens' Christian Association:

"It is recommended:

1. Youth Rehabilitation:

Whereas on recommendation of the Youth Employment Committee the Government of the Dominion of Canada has made an appropriation of monies to the Minister of Labour to be used for the reconditioning of youth,

Therefore be it resolved that this National Council of Young Men's Christian Associations of Canada in its twenty-fifth Annual Meeting express appreciation and commendation for this action, and

Be it further resolved that this Council in Annual Meeting respectfully urge upon the Government,

(a) That a similar or enlarged grant for similar

"purposes be made for the ensuing fiscal year.

(b) That the scope of the authority responsible for the administration of the fund nationally be made to include:

(1) Continuous research into the needs of youth in all sections of Canada in respect of employment, education, health and physical fitness, recreation and crime and its prevention and cure.

(2) Advice in the selection and participation in the supervision of provincial projects under the grant.

(3) The gathering of data systematically from the operations of all projects with a view to evaluating their quality, and developing high standards of efficiency.

(c) That in the administration of any such projects the advice and co-operation of national and local or district advisory Boards be sought. These Boards should include representatives of:

1. Social Service Agencies.
2. Religious Bodies.
3. Trade Unions and Agricultural Groups.
4. Commercial and Industrial Associations.
5. Youth Organizations.
6. Educational Authorities.

EXHIBIT NO. 337. An annual Report
 of National Council
 of Young Men's
 Christian Association.
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Q. There is just one more question, and it is really only to emphasize the statement on page 17. Not all the views expressed in the Appendices are those of the Young Men's Christian Association? A. I am thankful you raised

that. May I read the introduction:

"The following excerpts and quotations from statements of youth groups do not necessarily represent the views of Young Men's Christian Associations, of our National Council, nor of our Committee. They indicate opinion and desires keenly felt as a result of experience, and not always based on extensive study nor stated logically. They are presented here because they do reflect the desires, attitudes and problems of youth, youth who will have to live in the Canada whose economy and culture may be affected by the results of your action as a Commission on Dominion-Provincial Relations."

Q. So that there will be some things in the Appendices with which one can disagree without being in disagreement with the Young Men's Christian Association? A. There are a number of controversial statements here.

THE ACTING CHAIRMAN: It will be our pleasant duty to study very carefully your recommendations.

MR. COOK: Thank you Sir.

THE ACTING CHAIRMAN: The League for Economic Democracy. I understand that Mr. Creed and Mr. Hallatt will present the brief.

Mr. George E. Creed, President of the League for Economic Democracy was called.

MR. CREED: Mr. Chairman, and Members of the Commission, as President of the League for Economic Democracy it is my purpose, in introducing Mr. Hallatt, to give a few words of explanation, with your permission, as to why this League is sponsoring the proposals as set forth in the Hallatt Plan.

THE ACTING CHAIRMAN: First tell us what is this League. Give us some information as to its membership.

MR. CREED: This League was started as a result of a series of broadcasts over Station C.K.L.W. in Windsor, Ontario, and the publication of a book by Mr. Hallatt entitled "Humanity our Goal" in October, 1932. The favourable reception with which both the broadcasts and the book were received, induced Mr. Hallatt to arrange for the broadcast of another series of twelve talks over Station C.F.R.B. Those talks over C.F.R.B. were printed and published in the Daily Commercial News of Toronto, and reprints were sent to all interested listeners. Then an additional 10,000 copies were printed and bound in booklet form, all of which were distributed. Up to this time - that was 1934 - there had been no organization, but a meeting in May, 1934, was held in the King Edward Hotel in Toronto for the purpose of setting up an organization to propagate the knowledge that poverty was unnecessary. Since that time regular meetings have been held every two weeks, both in Toronto and Hamilton, under the name of The Hallatt Clubs until October, 1936, when the name was changed to the League for Economic Democracy. We felt this was more indicative of our work.

With regard to the membership, no regular membership has been cultivated as it has been felt that many of those interested in such a movement as ours have not the money to pay even a nominal membership fee, but we have in our files the

names of 1200 people to whom we can look for active support of our proposals, and these individuals are usually the nucleus of small groups in their own community.

THE ACTING CHAIRMAN: Spread all over the province?

MR. CREED: Yes, this work is largely concentrated in Ontario, although there are supporters in the other provinces. The organization is made up of manufacturers, engineers, accountants, business men, and other people in all walks of life, who feel that the fundamental cause of our economic problems lies in the money system. A study of the various problems and proposals for solving these by shifting the burden of taxation, of relief and unemployment insurance, we feel to be merely palliatives; that shifting the burden is, to use a popular expression, simply "passing the buck". We believe that it is necessary to get to the fundamental cause of the trouble, and our considered opinion as a body of Canadian citizens is that the fundamental trouble is due to the faulty operation of our control mechanism of our money system. We feel that the Fathers of Confederation have done wisely - perhaps more wisely than they thought - in giving to the Federal Government the power to control the business of government through the control of the money system; that our troubles are largely due to the fact that this most important power conferred upon the government has not been fully exercised. We, as a group of citizens have studied the Hallatt Plan skeptically. It is not something that has been gotten together in a hurry. We have come to the considered opinion that it is the solution. Mr. Hallatt himself is a manufacturer, a man who all his business life has been engaged in the productive building up of Canada; he is familiar with the employers' viewpoint. We have the opinions of bankers, professors, and others capable of judging, and we have heard Mr. Hallatt answer all their objections satis-

factorily] even the most skeptical.

THE ACTING CHAIRMAN: But you adopt your own skepticism; you said at first that the skepticism was adopted by yourselves.

MR. CREED: Not skepticism, but rather the desire to be convinced, is the meaning I intended to bring out. The viewpoint of labor is represented possibly quite well, in the letter that has been left with your Commission, by Mr. Corbett, who is General Chairman of the Car Mens' Union of America, He has gone on record as stating that the Hallatt Plan will go a long way towards the solution of our economic difficulties.

THE ACTING CHAIRMAN: Have we that letter?

MR. CREED: We were informed it has been left with the Secretary. I have an extra copy which I will leave with you.

Now, I would like to introduce Mr. Hallatt, the originator of this Plan, who will present the brief.

Mr. H. H. Hallatt was called.

MR. HALLATT: Mr. Chairman, and Members of the Commission, I believe from watching the procedure that has been followed here this morning, - while we had no definite plan - that it would be beneficial if we were to get our minds in the proper channels, as it were, by reading portions of the brief. Without any further preliminaries I would like to start at about half-way down the first page. The brief does, of course, express our appreciation for the opportunity of presenting our views. I might just say, before I begin reading, that it appears that our troubles, from the presentations made this morning, are due to unemployment. Now, the cause of unemployment is something else again, but I believe from what has been presented this morning, - and of course it is my considered view, - that

unemployment is largely the basis of most of our troubles. Then as to the causes of unemployment, we believe we have a contribution to make. To repeat what Mr. Creed just said, a moment ago, it appears to us that any suggestions regarding a change in the source of revenue for governmental purposes, do not lighten the burden of the citizens as a whole, and therefore cannot be considered as a solution of the economic problem of the nation. We believe that relief and unemployment insurance are not specific remedies for our social problems, but merely palliatives for the symptoms of economic sickness. We know that there is no real obstacle to the gainful employment of every employable person, and if this goal were attained many of our most serious problems would vanish.

"A Canadian Plan: -

We are presenting this as Canadians with the best interests of Canada at heart, sustained by the belief that what is best for Canada is best for the world. Economic Nationalism is being pursued to-day to the extent of striving for complete self-sufficiency, which doctrine is very wasteful of our most valuable asset, namely, human labour. We realize that while we have racial and national division of the world, each with its separate monetary system, all international trade must be balanced with commodities, therefore Canada's monetary system can be planned solely in the interest of Canadians.

Control of Money: -

At Confederation jurisdiction over currency was given to the Dominion Government. It has been established on high authority that all 'means of payment,' which would include all bank notes and bank deposits, are currency and as such should be under the direct

"control of the Dominion Government. It is entirely feasible for the Dominion Government to issue sufficient currency to meet the needs of the internal trade of Canada without the assistance of monetization of credit by the banks, and on this fact we base our claim that there is no real obstacle to the employment of every employable person.

According to the statement of the Dominion Bureau of Statistics, there were in 1936 \$2,832,182,284.00 in money or currency available for the transaction of public business of which only \$100,930,211.00 were Bank of Canada notes and coinage, or 96.4% private issue and only 3.6% Government issue. Technically it is all private issue as the Bank of Canada is not a Government department. This illustrates how we are dependent upon private corporations for the existence of money without which modern business cannot function."

May I interject, Mr. Chairman, that I had no part in preparing this brief. It was prepared by Mr. Patrick, the statistician in the Goodyear Company, and Mr. Fraser, who is an electrical engineer, so that when referring to the Hallatt Plan I am just reading this which has been prepared.

"Under the Hallatt Plan it is proposed that the sole right of the creation and issue of money be vested in the Dominion Government as provided for at Confederation. As the banks now create the money with which they purchase the bond issues of all governments, governmental expenditures could be financed with the direct issue of interest free money, not necessarily notes, but the same kind of bank deposit money that the banks now place to the credit of the government when they underwrite a bond issue.

COMMISSIONER ANGUS: Does that assume that no benefit of bonds reaches the public, that they are retained by the Bankers?

MR. HALLATT: No, we do not mean all the bonds, all the financing is done by the banks.

COMMISSIONER ANGUS: What I meant was, in so far as the bonds reach the investing public, the existing bank deposits would be depleted by paying for the bonds, and to that extent the bond issue would add less to the total of deposits subject to cheque, and an issue of paper money the same amount.

MR. HALLATT: Just let me understand you. You say an issue of bonds would add less?

COMMISSIONER ANGUS: Yes.

MR. HALLATT: If it were sold direct to the public it would extinguish, - as the banker says - certain of the deposits, Sir.

COMMISSIONER ANGUS: It would therefore add less, if it reached the public directly or indirectly, it would add less to the volume of deposits subject to cheque.

MR. HALLATT: Yes, that is correct, but latterly, as we know, some billion dollars has been created by the banks, and most of the money to-day that we have in the banks on deposit has been created by the banks.

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"There is no difference in the inflationary effects" - I would like to repeat that, sir - "of even an issue of paper money, as compared to the sale of bonds of an equal amount, because the proceeds of the sale of bonds circulate and become a demand for goods and services in the same degree that paper money would," - subject of course, to your observations.

"An eminent Canadian banker put forward the following opinion on government financing by the direct issue of money instead of the sale of bonds;

'It can at least be said in favour of financing a government deficit by the sale of bonds, instead of by the emission of notes, that the annual interest payments on the securities must be provided for in succeeding budgets, which serves as a reminder to the taxpayer by the effect on his purse of over-spending by the government, whilst no provision being made in annual budgets for the redemption of notes as such, the taxpayer is deluded into thinking that money being plentiful times must be good'.

As the redemption undertaking in bonds is usually met by a new bond issue, and accumulations of interest met in the same manner, one cannot place much importance on this objection. The Hallatt plan provides for the systematic redemption of all money.

The taking over of the sole right to issue money by the Dominion Government does far more than save

a little interest; it brings the whole subject of provincial and municipal financing under the constant supervision of the Dominion Government. The provision for financing all government capital projects, but not current expenses, with the issue of money would include the public works and public services now financed by government bond issues of the provinces and municipalities, and therefore all such projects would have to be approved by those providing the money which, in this case, is the Dominion Government. This would bring about a more unified form of government. There would not be the great variation in the extent of government activities, such as exists today, with opulence in one centre and lack of vital services in another."

COMMISSIONER ANGUS: Do you think that degree of control over provincial expenditure could be secured merely persuasively, that is to say, offering interest-free money, or that it would require some sort of revision of the British North America Act, some limitation on the borrowing powers of the Province?

MR. HALLATT: No, I think definitely not. I feel that it is now established that all bank credit is the modern currency that we are using and that it should be issued and controlled in volume by the central authority. I believe that an economic unit now must exercise to control activities and to direct activities, and the fact that the people themselves are the final arbiters, I think the need is enlightenment as to the very nature of the whole system and that you would have, of course, autonomy in the matter of the requirements of

the people in the smaller units, the smaller economic units, such as the municipalities and the provinces.

COMMISSIONER ANGUS: What I meant was a perfectly simple thing: If a province wants to go ahead with a public work and the Dominion does not approve of it, is the province still free to do it on its own, as it were?

MR. HALLATT: If the Dominion refuses an issuance of money for that, then I would say they would have to do it on their own funds.

COMMISSIONER ANGUS: They would still be free to do it out of their own funds?

MR. HALLATT: They would still be free to do it out of their own funds, but they would not be free to have the money created as credit, they would have to use such national money as already existed.

"A simple plan of issue and recall: -

The mechanics of the issue is simple. Municipal and provincial governments would prepare their budgets covering proposed capital expenditures and present them to the Dominion Government for approval. The municipal budgets would be presented through the provincial governments, which would review and approve them from the provincial viewpoint. The Dominion Government would prepare its budget of capital expenditures and it would be passed by the House of Commons. The Minister of Finance would then place to the credit of the different governments, through the banks, the amount of money required to carry out the works proposed by the governments and approved by the Dominion. A request by any government for money to finance any project would

also commit it to the responsibility of retiring or recalling the money as the works for which it was issued depreciated. The rate of recall would be specified at the time of issue.

The mechanics of the recall is likewise simple, each government including in its current budget an amount necessary to cover that specified by the Dominion Government in the terms of its issue, collecting it through general taxation and paying it back to the Department of Finance, to be extinguished there."

COMMISSIONER ANGUS: One other little point of detail, Mr. Hallatt: Apart from the plan that comes later of dealing with the existing debt, I suppose there would be some provinces that would find it very difficult to pay the installments on their public works and so on? I mean that would mean some sort of increase of taxation there. Would there be any possibility of what we would call deficit financing today, that is to say, borrowing or obtaining money, not to pay for new public works, but to fill a gap between revenue and current expenditure?

MR. HALLATT: On the contrary, the burden would of course be lessened by the amount of present interest we are paying.

COMMISSIONER ANGUS: Yes, that comes under the second part of the scheme of dealing with the existing debt .

MR. HALLATT: Well, if on the newer advance - I thought you were referring to an advance for a public work?

COMMISSIONER ANGUS: Yes.

MR. HALLATT: The right of recall would be definitely on the basis of the depreciation unless there might be

some control needed in the case of the volume of the money, if the habits of the people are changed or something of that kind, which is another technical matter. But I would say, to give you an instance, I put the tile in the Federal Building at Windsor and with respect to the cost - I will just give you this little illustration which I have given before - the building cost about \$900,000. I discussed it thoroughly with the architect, Mr. Sheppard. I asked him how long the building would last. He said, "Well, a hundred years." I said, "Now, let us be conservative, under this plan -- " And he is quite an advocate, by the way, of this plan, - "We have got to be conservative, we want to set up a reserve. What would you say about sixty years, would that be all right?" "Well," he said, "The other old pile lasted seventy-five years and" he said, "This with our present construction should last seventy-five years". Anyway, we did figure it on the sixty years, an issue on the basis of fifteen thousand dollars a year. That is recalling fifteen thousand dollars would completely retire it in the sixty years. Under the present system where we issue the bonds say on a five per cent basis, and we will allow the five per cent to include advertising, selling the bonds, over fifteen or twenty years, but we figured it on the basis of the five per cent covering all costs, commissions and everything else. Now, I say were we to recall in taxation \$15,000 per annum and apply it against the amortisation or the retirement of the debt under the present system - I won't ask you a question, I will merely state that under this plan the \$15,000 would retire it in exactly sixty years.

COMMISSIONER ANGUS: I quite follow that.

MR. HALLATT: But under the present plan, calling in

the \$15,000 per annum and applying it at the five per cent rate would still leave the \$900,000 unpaid and would leave an increase in the national debt of over \$10,000.

COMMISSIONER ANGUS: I quite follow that, but my question was slightly different. It was this: Supposing a province carries out a public work at the present day it has to pay two things, its interest charge, its sinking fund charge. You would eliminate the interest charge?

MR. HALLATT: Right.

COMMISSIONER ANGUS: The sinking fund more or less would remain. That is to say, the total amount of the cost divided by the number of years.

MR. HALLATT: We would pay for the building as we use it.

COMMISSIONER ANGUS: I would say if you take some of the provinces at the present day they have a deficit anyway, that charge would have to be met either by increasing their present taxation or by deficit borrowing. Would you agree to deficit borrowing being carried out in the same manner as these financed public works?

MR. HALLATT: I don't agree there need be any deficit borrowing. I believe that the life of buildings, the elimination of interest forthwith and the life of the works now could be paid for without hardship, certainly by eliminating the interest we are eliminating the cause of our troubles, and we could have additional employment.

COMMISSIONER DAFOE: I suppose it starts with the conclusion that there will be no deficit.

MR. HALLATT: Definitely, there need be no further deficits. The fact that we are going to put everybody to work ---

COMMISSIONER ANGUS: You mean the yield on existing rates of taxation would extend so much it would take care of that situation?

MR.HALLATT: The existing rates of taxation would be reduced.

COMMISSIONER ANGUS: That is really coming to the second part of your scheme for dealing with existing debt, is it not?

MR.HALLATT: Yes, that is true, or any further works. The taxation would still be greatly lessened.
To continue from the brief:

"National Money for Homes". May I say, Mr.Chairman, this is the basic part of our plan.

"We do not think it is difficult to see the feasibility of this plan when applied to government works, but the Hallatt Plan also provides for the fulfillment of that oft-stated claim that slum clearance and decent housing for every citizen is a responsibility of the government. If we consider housing of a certain minimum standard a necessary part of our civilization, then at least housing of that standard should be provided on the same financing basis as other government works. The Hallatt Plan calls for the retirement of the money issued for the construction of the house, by the person or persons for whom it was built, thus providing for the continuance of private ownership of homes, which is one of the bulwarks of democracy.

Housing is more necessary than some public activities which have come within the realm of government works. Surely it is more Godly and humanitarian, and consequently of greater

national importance, to recognize clean, sanitary and comfortable homes for our people as a prior claim on our activities to armouries, and therefore deserving of at least the same national financing plan.

A request by a citizen for money for home building would have to be made to the municipality in which it is to be built. The municipality would determine the need for new housing, the responsibility of the applicant and the desirability of the site selected. If these conditions be favourable, the amount necessary would be added to the budget of the municipality and sent on to the Dominion Government, through the Provincial Government, for approval. On approval the money would be placed to the credit of the municipality, through the banks, for the payment of the construction of the house. This money would be repaid by the person for whom the house was built, payments extending over a period of 20, 30 or 40 years, depending upon the estimated useful life of the property."

I trust there will be an opportunity, Mr. Chairman, to explain that further proposal that we have made is based upon a fundamental principle, with respect to the elimination of interest on homes. We want to show that on public works, while we say the elimination of interest, and perhaps there will be a slight service charge, we want to show that we are merely asking that this public service, this money, be permitted to the people at cost. Mathematically we hope to show that money is not worth more for home-building than a tenth of one per cent per annum and mathematically we hope to show that money for

public service is now costing us more, with the numerous taxes, than it should cost for the whole work of issuing and recalling it, to say nothing of interest whatever.

COMMISSIONER ANGUS: Would you extend this type of financing to existing mortgages of houses or would you leave them as they are?

MR. HALLATT: Definitely.

COMMISSIONER ANGUS: Thank you.

MR. HALLATT: And the existing public debt, there is no justification for an internal public debt, never has been.

COMMISSIONER ANGUS: We are coming to that later, are we not?

MR. HALLATT: Yes.

COMMISSIONER ANGUS: But with regard to the private debt I want to be clear about this. You would extend it to existing mortgages of houses in connection with this housing scheme. Would you go further and say existing debt generally, or would you leave that as it is?

MR. HALLATT: Well, you will have to explain what you mean by generally?

COMMISSIONER ANGUS: Corporation bonds?

MR. HALLATT: Not at all. That is private enterprise. You cannot do that without interfering with your democratic system of private enterprise.

"The direct financing of home building would soon absorb the unemployed and remove the need for relief. A minimum wage clause in the terms governing the issue of money, together with sufficient activity to keep all employable persons employed, would be more effective than a minimum wage law could ever be, yet it would not be a violation of the British North America Act.

"The issuance of money in the manner outlined in the Hallatt Plan will maintain the national income at any desired level, preventing the wide fluctuations in the national income which make the debts incurred in times of inflation unpayable in times of deflation.".

COMMISSIONER ANGUS: Just a little point there.

Would national money income be more exact? I mean the national income in terms of dollars?

MR. HALLATT : Become more exact?

COMMISSIONER ANGUS: Be more exact than "national income"? Are you contending that you could maintain the national real income at any desired level?

MR. HALLATT: Definitely. In Canadian currency we could definitely --

COMMISSIONER ANGUS: It is in the terms of dollars, is it not, that the income would be put at the desired level?

MR. HALLATT: Dollars representing goods and services.

COMMISSIONER ANGUS: Yes, but what I am trying to get at is this: If you put your desired level in dollars very high your prices would be going up, would they not?

MR. HALLATT: Well, the dollars mean nothing.

COMMISSIONER ANGUS: But the national income that you can put at the desired level is the dollar income, is it not?

MR. HALLATT: Would be put as a result of the services rendered, don't you understand?

COMMISSIONER ANGUS: Yes, but I mean the services which can be rendered are physically limited by the number of people and the means of production and so on. In a sense the national income made up of goods and services has a physical maximum.

MR. HALLATT: That is right.

COMMISSIONER ANGUS: But what it is that you can put at any level you like is the number of dollars.

MR. HALLATT: That is correct.

"The issuance of money in the manner outlined in the Hallatt Plan will maintain the national income at any desired level, preventing the wide fluctuations in the national income which make the debts incurred in times of inflation unpayable in times of deflation. It envisages a stable national income, not a stable commodity price level, with the benefits of increased efficiency accruing to the public in the form of lower prices. It does not envisage an increasing wage level, as all such increases only depreciate the real value of savings.

Liquidation of Existing Debt : -

The financing of public works and services by the direct issue of money and its systematic recall, solves the public debt problem of the future. However, the existing debt has to be considered and discharged in some way, preferably on an equitable and honourable basis. It would be hard to justify some of the obligations foisted on the people of Canada in the past a notable instance of which is the \$25,000,000.00 issue of 6½% bonds of the Canadian Northern Railway due in 1946 and guaranteed by the Dominion both as to their principal and interest, but they are there and will have to be met. It would be interesting to know who are the holders of the \$24,000,000.00 of the above issue still outstanding.

The Hallatt Plan proposes the buying in of all outstanding government bonds, debentures, and mortgages of homes, to the extent of the agreed upon minimum standard, with the issue of the national money."

COMMISSIONER ANGUS: I believe in the brief we have it is "Internally held".

MR. HALLATT: Yes, this is a copy that was not corrected and I was just going to correct that because that is very important.

"We do not wish to minimize the tremendous problem and the amount of money involved in such a conversion. Neither is there any need to amplify the still greater problem confronting the financial structure of the Dominion, if some steps are not taken soon to liquidate the rapidly increasing national debt. Proper provision for sinking funds and interest payments would have, in 1935, increased taxation from 16.8% to 34% of the National Income, and it appears that 1938 will show a worse picture. If the Dominion Government continues to set aside sinking fund reserves for the reduction of the National Debt to the same extent as was done in the fiscal year of 1936, it will take over 250 years to wipe it out. This would not include reserves for bonds guaranteed by the Dominion Government. It should also be borne in mind that the fiscal year of 1936 showed a deficit of \$80,210,431.00, or more than seven times as much as was set aside for sinking funds."

THE LINTING CHAIRMAN: It is now one o'clock. Pardon me, Commissioner Angus, did you wish to ask a question?

COMMISSIONER ANGUS: I was only going to ask one question, Mr. Chairman. It is with regard to the bonds externally held, held abroad. Would you continue them on the contractual basis?

MR. HALLATT: Yes. You see, we do not owe money to foreign countries, we just owe goods and services and we must, of course, pay them as we go along and until such times as we can do that we owe other economic units for those goods and services which we now have.

THE ACTING CHAIRMAN: We will adjourn until 2:30.

AFTERNOON SESSION

The commission resumed at 2.30 p.m.

THE ACTING CHAIRMAN: You may continue, Mr. Hallatt.

MR. HALLATT: There are one or two points which came up in consultation with our members during the lunch hour concerning Professor Angus' questions. We would just like to clear up this matter as there seems to be a different impression concerning it. Might I address Professor Angus? In reference to your question and the discussion with regard to the reduction of currency and bank credit from the sale of bonds to the public, I inferred that you meant the sale by the banks to the public, that is the direct sale by the government to the public would not result in a reduction of purchasing power.

COMMISSIONER ANGUS: I mean this, Mr. Hallatt: Supposing the government issues \$50,000,000 or in other words, has \$50,000,000 placed to its credit, you say that has precisely the same effect so far as inflation is concerned as if it had printed \$50,000,000.

MR. HALLATT: And put it to its credit in the bank.

COMMISSIONER ANGUS: Yes, the result is it will have that much additional purchasing power.

MR. HALLATT: I assume that no part of the \$50,000,000 is sold then or later to the public to balance our decrease by that amount. That is what you meant? Any direct sale from the government to the public would result in a decrease.

COMMISSIONER ANGUS: It does not matter whether it is increased or decreased.

MR. HALLATT: The net result is that it does not decrease the amount it gets into business hands, I mean from the original issue.

COMMISSIONER ANGUS: It does not decrease the amount,

not if it goes out.

MR. HALLATT: First of all it decreases, then it comes back to the status quo.

COMMISSIONER ANGUS: I thought you were comparing it to printed paper which would be no addition to the purchasing power existing.

MR. HALLATT: Assuming, as at present, that must arise from being sold. If it remains in the banks, I think it remains in the banks in an inflationary situation, it is the same as if it were printed money.

COMMISSIONER ANGUS: This is an important point, and I think you are coming to it. Supposing a bond issue took place at a time when the reserve money was being employed to the full, for instance, in war-time. Under those circumstances there is a full implement. Any government borrowing would have a tendency to raise prices.

MR. HALLATT: Prices would not be raised unless it was actually borrowed from the public. There would be a difference between borrowing from the public and borrowing from the banks. This brings up a question of policy whether we are going to borrow from the banks and continue to pay several times for the use of money which we already own or whether we are going to accept the principle which is now in vogue, that is, for those who can best afford to pay to pay as we go.

COMMISSIONER ANGUS: Yes.

MR. HALLATT: Where there is the necessity of borrowing in the case of full implement, such as war-time.

COMMISSIONER ANGUS: I think perhaps your point was this: Correct me if I am wrong, you were quoting a banker as saying "We are paying interest in order to avoid something which is inflationary" and your argument was that we are really avoiding nothing which is inflationary because we have just as much inflation, no more, no less,

than if we used the interest from the money. My next point is, would not the objection that the interest from the money is inflation and does raise prices--taking that for what it is worth, if the raising of prices matters, would it not be followed by objections, not at a time when there is unemployment, but at a time when there is full employment. Under those circumstances, it would be desirable to avoid increasing prices, to borrow from the members of the public or borrow money from the banks, which would otherwise mean money to the public, in order to avoid a net increase in purchasing power.

MR. HALLATT: The point covered in that is that our man, the banker, evidently pointed out that it was advisable to remind the public / ^{that} the debt and the pressure on their purse of having to pay the interest, would be retarding things. However, your question leads to the question of interest and how much interest. Who said it should be six per cent or one-tenth of one per cent? The question is what interest. Would not your argument apply in all debt, whether at a time when there is unemployment or at a time when there is not unemployment, comparing these two items, especially in respect to the issuance of money. If there were full employment, the point I suggest calls for specific undertakings which would increase employment. Now, if there is full employment, how can you increase it?

COMMISSIONER ANGUS: No, and if the government wanted to start an undertaking, then would there not be something to be said for borrowing to pay for this?

MR. HALLATT: Not at all, why buy more services? Services cost money. Why pay six per cent when the service cost is nothing?

COMMISSIONER ANGUS: The answer is, at a time of full

employment, if you issue more money and pay nothing for it, it simply increases the demand for services, the supply being constant, then prices do go up.

MR. HALLATT: Certainly, that is true.

COMMISSIONER ANGUS: Would you prefer a rise in prices, to paying interest?

MR. HALLATT: Not at all, any government which would adopt such a policy would not be in office very long. As a matter of fact, that brings us to this point: there are two poles in our control. We come to that in the matter of the control of wage levels. There are two poles, one of which is full employment. There may never be more money than will give full employment.

COMMISSIONER ANGUS: I will put my question this way; suppose a government wishes to carry out certain governmental work in priority to private work. In order to do this it must increase its expenditure, but it is not prepared to increase taxation. It has, therefore, to do one of two things, issue money or borrow. Now, which would you do under those circumstances?

MR. HALLATT: You cannot issue money under this plan except to increase employment or in a case of national emergency, such as that to which you refer. If it is a national emergency, then the people should pay for it as they go along. They would be in a position, an ample position to pay for it.

COMMISSIONER ANGUS: You would pay for it out of taxation?

MR. HALLATT: Yes, because what is produced by a nation is paid for by production. Take your example of a war-time situation. If a country produces \$50,000,000 worth of munitions, as an economic unit it has paid for it. It must be paid for or we could not produce it.

COMMISSIONER ANGUS: You would pay for it by taxation?

MR. HALLATT: That is the answer: May I give you an illustration? If a crowd of people decide to go north and build a village--leaving money out of the question entirely--when the village is built, it is paid for. It must of necessity be so. The materials, labour, and so on must be paid for when it is finished.

COMMISSIONER ANGUS: I quite agree that things which are produced during the war are paid for, but then the arrangements as between individuals are not necessarily completed. Then, if you carry the cost out of borrowings, you would avoid the usual political dislocation and discontent which is liable to be the result of very heavy taxation at that time.

MR. HALLATT: I do not concede your point. It is based on the fact that money is worth five or six per cent, it is our contention that money is not worth that.

COMMISSIONER ANGUS: No, it is based on the assumption that it is worth while to pay five per cent to avoid the heavy taxation at that time, which might conceivably weaken the will to victory of the people during the war.

MR. HALLATT: I would not concede that is worth five per cent. In other words, I will not concede that it is worth two or three times its value, just to satisfy the people that they are putting up the money as a loan rather than putting it up as a contribution towards the emergency.

COMMISSIONER ANGUS: At any rate, under those circumstances, of the three possibilities, a fairly high rate of interest, which is one, heavy taxation which is two, and issuing new money which is three, your course would be heavy taxation.

MR. HALLATT: My course would not be heavy taxation because I do not concede it would be heavy taxation.

I believe the five per cent interest builds up heavy taxation.

COMMISSIONER ANGUS: If we had financed the last war by taxation, from 1914 to 1918, during that period there would have been heavier taxation than there actually was.

MR. HALLATT: That is a matter upon which we would have to get the figures. I do not believe that would be a hardship on the people generally, because it would come from the sources which could well afford it.

There is one other little point, Professor Angus, which I think we should clear up. This is the question of certain provinces being now so much in debt that it is a question of increasing taxes, or, to use your expression, "finance deficits." My answer, of course, to that was that, eliminating interest, and the problems incident to relief would not result in increased taxation. There may, however, be a situation, as was pointed out to me during the lunch hour, such as that of Saskatchewan where about half of the province would be in need of proper arrangements. If their reserve was not prepared to take an issue, that is if ^{we} find that their liabilities exceed their surplus, which I do not believe is right, then we could only view it in the light of a national calamity such as the Halifax disaster or something of that kind. It becomes a national problem. I am satisfied from the information I have that it would not be necessary to increase taxation with a reduction of interest.

Then there is one other little point concerning the question of the debt, the wage level, the amount of the burden which would be placed on the people. There is a factor there, of course, which we must take into consideration. We have shown that we can hold wage levels in terms of dollars where we like. I am assuming that those

in authority would fix that level at a point where it would be fair to debtor and creditor. For instance, if we set the wage level at \$10.00 a week for common labour, then our debt structure would become impossible.

There is one other matter with respect to the letter which came from Mr. Corbett to the Commission. There seemed to be some doubt as to whether it had been received or not. This is a letter from Mr. Skelton, Secretary of the Commission, to Mr. Corbett acknowledging receipt of the letter. I will read it.

THE ACTING CHAIRMAN: If the Secretary acknowledged receipt of the document we certainly have it in our files, and it is quite unnecessary to read it.

MR. HALLATT: Now, I will deal with the wage level to which reference is made in the brief. Mr. Fraser has just pointed out that I read that portion before the lunch hour.

COMMISSIONER DAFOE: "Delay in the debt question," is the point at which you left off.

MR. HALLATT: That is correct, sir. I shall deal with that question now.

"DELAY ON THE DEBT QUESTION DANGEROUS:--

To delay action on the debt question is dangerous; the passage of time only aggravates the situation, and nothing but drastic action can be of any value. Canada is heading for either repudiation of her obligations in respect to both principal and interest, or serious inflation which would wipe out all savings. The present course cannot be continued; inflation must come if the existing debts are to become payable.

WHAT ABOUT INFLATION?

Serious concern will be felt by some regarding

"the inflationary effects of the buying for cash of all outstanding government bonds and a considerable portion of the mortgages on homes. We do not think it will be as serious as some authorities will attempt to claim. The people who own bonds and mortgages are not the type who spend money simply because they have it; they will keep it until the opportunity arises for profitable investment."

COMMISSIONER ANGUS: Once more, you refer to old, outstanding government bonds, internally held, do you not?

MR. HALLATT: That is correct.

Continuing to quote:

"There may be a tendency to reduce spending at first, for with the wiping out of interest on some investments there will be a temporary reduction of earnings for some, and these will be reluctant to draw on their capital for current expenses.

The opportunity for investment will soon be felt under the Hallatt Plan. The capital goods industries will receive the first real stimulus since 1929 and this will call for additional capital and will provide a real opportunity for the money released by the buying in of bonds and mortgages."

COMMISSIONER ANGUS: Do you think it is probable that investors, whether they are corporate or individual who, under your plan were given bank balances instead of their bonds, would try to invest that bank balance by buying established securities? Do you think they would turn to foreign securities, American securities for example, and buy those?

MR. HALLATT: That of course, brings up the question of national control of our currency through our central government. We have ample machinery to control that. The answer is "Yes, people would invest their money, but only as profits were available". They would only invest in things in which they were quite certain of a profit.

COMMISSIONER ANGUS: A person who has invested and who has been refunded under your plan, is naturally a person who is going to try and invest again if he can get anything as profitable as the last investment.

MR. HALLATT: Yes, but he is going to scan and analyse the documents to make sure of his profit.

COMMISSIONER ANGUS: Yes, but I was speaking of the man who might want to invest it in foreign securities.

MR. HALLATT: That may be, and it would be a subject over which control would be exercised. There would be control in the matter of a , so-called, flight of capital. It is one of the most simple things to control. If we can control emigration and immigration, we can control our dollars for the simple reason that, while we may not have a definite understanding of where a man might go in a large city, all of our dollars have to come into one of our counting houses. We know where they are; we can control the dollar.

COMMISSIONER ANGUS: You would be agreeable to imposing control of that sort?

MR. HALLATT: We have to control that, absolutely. There is the question of privilege, and with privilege, goes responsibility. I think it is an important point. I think, perhaps, since you have brought it up, while it is just a small point, we will deal with it now.

If you, as an individual, wish the privilege of investing your money--you say it is your money, but it

really is not. It is the money of the state. If you wish the privilege of doing that, if you wish to invest in the securities in some other country, then you must assume the responsibility of paying for it. The only way you can pay for it is in goods and services. You must comply with the regulations of the state and recognize the fact that we must control the tickets, if one might use that word, against our goods and services. You would have to comply with the regulations governing the export of capital the same as one does with respect to the import of goods. It is a matter of privilege and responsibility for the government to control, as an individual or as a member of the state.

Quoting from the brief at the top of page six:

"We must expect to pay for the errors of the past. The issuing of bonds to meet current expenses and interest charges, with no provision for amortization of debt, can only lead to insolvency. The Hallatt Plan provides a way to adjust and settle our debts, charts and inflation-free course for controlled currency, and makes each succeeding generation bear its own burdens.

We have kept this brief within the field of enquiry of your Commission. The plan has been developed to a greater degree of detail than is possible to explain in this paper. The subjects of the railway problem, international aspects, foreign trade and tariffs have all been dealt with, and we have yet to find an objection which cannot be reasonably answered. The plan is a result of years of study by men and women in all walks of life who are convinced that the only way to raise the standard of living appreciably is to produce more goods, and by keeping the chan-

"nols of distribution open, make them readily available to consumers. We are also prepared to show in a convincing manner that technological unemployment is nothing but a bugbear born of minds educated in an economy of scarcity. That there has been every encouragement offered producers to show what they can do in the way of increasing production, and every possible obstacle put in the way of the consumption of that increased production, is another anomaly peculiar to the present system."

Now, I thought it would be well just to sum up.

"1st. While there has been, since the signing of the Magna Charta at Runnymede, a steadily increasing measure of political freedom our economic state has remained subservient to the wishes of a few through their control of the volume of the means of distribution (money). The Hallatt Plan places the control of the means of distribution (money) entirely in the hands of the people through their government, with a simple plan to guide the administration and ensure that the control of the volume of the means of distribution (money) is to the best interests of the people.

2nd. There is ample evidence on every hand that wherever private enterprise has had its freest scope there can also be found the greatest material progress. The Hallatt Plan leaves all productive enterprises just as they are to-day-- in private hands, but where certain utilities have come under the wing of governmental activities, the status quo can be maintained, and where it is

"desired to expand governmental activities, such expansion is adequately provided for.

3rd. Poverty, in the main, is caused by the inability of certain classes of our citizens to successfully compete for the jobs available. Even in boom times there was always a certain percentage of our employable citizens unemployed, which meant that the least skilled or the least fortunate lived a life of poverty. The Hallatt Plan can maintain 100 per cent employment and ensure everyone at least a comfortable living.

4th. Inequitable distribution of wealth is brought about by the scarcity of demand for labour and the restricted supply of the products of labour. There are more workers than jobs for them, which leads to competition among the workers for the jobs available, this condition resulting in a smaller portion of the created wealth being distributed among them. The present financial structure lends itself to the creation of trusts or monopolies, which restricts the supply and enhances the prices of goods of all kinds. Thus, the consumer who has to sell his labour in competition, and therefore he has to spend an unfair amount of his income for such products. The Hallatt Plan gives the worker a chance to get steady employment at a fair wage, and prevents the unfair use of money power to create monopolies and destroy competition."

In the next paragraphs there is a reference to the order-in-council appointing the Commission. You have them before you, and I will just, with your permission, read them. Referring to paragraph one:

"That as a result of the economic and social developments--"

THE ACTING CHAIRMAN: We have no copy of that here, have we?

MR. HALLATT: No, it is in the order-in-council. In reference to paragraph one:

"1. That , as a result of economic and social developments since 1867, the Dominion and the provincial governments have found it necessary in the public interest to accept responsibilities of a character, and to extend governmental services to a degree, not foreseen at the time of Confederation."

Our answer to that is:

"That the responsibility of the Dominion government to direct and control the issue of all money should be primarily in the public interest; that all other responsibilities of the Dominion and provincial governments are dependent upon the purchasing power of the people and therefore subordinate to the national issue of all money; that the government issue of money was provided for at Confederation:

Referring to paragraph number two:

"2. That the discharge of these responsibilities involves expenditures of such a magnitude as to demand not only the most efficient administrative organization on the part of all governments but also the wisest possible division of powers and functions between governments. That particularly is this the case if the burden of public expenditures is to be kept to a minimum, and if the revenue-raising powers of the various governing bodies are

"to possess the adequacy and the elasticity required to meet the respective demands upon them; To that, we say:

"That the national issue of interest-free money for all government capital expenditures and housing, as proposed by the Hallatt Plan, accompanied as it would be by a simultaneous increase in the purchasing power of the people, would allow the various governing bodies to liquidate their present debts and discharge their future responsibilities in a more efficient manner;

Referring to number three:

"3. That governmental expenditures are increased by overlapping and duplication of services as between the Dominion and provincial governments in certain fields of activity. That in other respects the public interest may be adversely affected by the lack of a clear delimitation of governmental powers and responsibilities;

Our answer to that is:

"That the full employment of all our people would result in the elimination of many of our present government services, and if, with the full employment of our people it is found that there is overlapping of services, such overlapping could be dispensed with by popular vote;

Referring to number four of the Order-in-Council:

"4. That representations have been made on behalf of several provincial governments and by various public organizations that the revenue sources available to provincial governments are not in general adequate to enable them to discharge

"their constitutional responsibilities, including the cost of unemployment relief and other social services and the payment of fixed charges on their outstanding debt; that, consequently, if they are to discharge their responsibilities, either new revenue sources must be allotted to them or their constitutional responsibilities and governmental burdens must be reduced or adjustment must be made by both methods;

Our answer to that is:

"That unemployment relief is the effect of an inefficient money system; that with the introduction of the Hallatt Plan only the infirm would remain to be cared for by government relief; that with the introduction of the Hallatt Plan the fixed charges on our provincial debts would be reduced by process of conversion in the amount of their interest carrying charges.

Referring to paragraph number five of the Order-in-Council:

"5. That representations have been made by provincial governments that municipal governments which have been created by, and derive their powers and responsibilities from, the provinces, are confronted with similar problems; that, in particular, necessary municipal expenditures have placed an undue burden on real estate and are thereby retarding economic recovery; also that the relations between provinces and municipalities are an essential part of the problem of provincial finances;

Our answer to that is:

"That the relation of the municipality to the province is parallel in principle to that of the Dominion and the provinces, and would be clarified by the introduction of the national issue of money in terms of public need;

Referring to number six:

"6. That, finally, it has been represented that unless appropriate action is taken the set-up of governmental powers and responsibilities devised at the time of Confederation will not be adequate to meet the economic and social changes and the shifts in economic power which are in progress without subjecting Canada's governmental structure to undue strains and stresses.

To that our answer is:

"That the undue strains and stresses upon Canada's governmental structure have been brought about by the tribute we have been paying in interest; that the payment of interest on any governmental capital expenditure is not conducive to sound administration or in the public interest; that the elimination of interest on governmental expenditures would facilitate the payment of current expenses with current taxation;

In reference to clause 3 sub-sections (a), (b) and (c) of the recommendations of the Prime Minister:

"3. That, without limiting the general scope of their inquiry, the Commissioners be instructed in particular:--

(a) to examine the constitutional allocation of revenue sources and governmental burdens to the

"Dominion and provincial governments, the past results of such allocation and its suitability to present conditions and the conditions that are likely to prevail in the future;

(b) to investigate the character and amount of taxes collected from the people of Canada, to consider these in the light of legal and constitutional limitations, and of financial and economic conditions, and to determine whether taxation as at present allocated and imposed is as equitable and as efficient as can be devised;

(c) to examine public expenditures and public debts in general, in order to determine whether the present division of the burden of government is equitable, and conducive to efficient administration, and to determine the ability of the Dominion and provincial governments to discharge their governmental responsibilities within the framework of the present allocation of public functions and powers, or on the basis of some form of reallocation thereof;

Our answer is:

"That the 'Fathers of Confederation' gave us a constitution which provides adequately for our needs if the powers conferred therein are fully exercised. Jurisdiction over currency has never been fully exercised, and failure to exercise this jurisdiction in terms of public need makes impotent many of the measures adopted for the betterment of conditions."

Referring to sub-section (d) of the Order-in-Council:

"(d) to investigate Dominion subsidies and grants to provincial governments.

To that our answer is:

"We would like to repeat that the Hallatt Plan makes the municipalities and provincial governments responsible for their works, but at the same time it brings their expenditures under the direct supervision of the Dominion government. In reference to clause four of the Order-in-Council:

"4. That the Commissioners be instructed to consider and report upon the facts disclosed by their investigations; and to express what in their opinion, subject to the retention of the distribution of legislative powers essential to a proper carrying out of the federal system in harmony with national needs and the promotion of national unity, will best effect a balanced relationship between the financial powers and the obligations and functions of each governing body, and conduce to a more efficient, independent and economical discharge of governmental responsibilities in Canada."

Our answer to that is:

"We believe that the introduction of the Hallatt Plan will not bring about the balanced relationships between the financial power and the obligations and functions of each governing body; on the contrary, it will provide a means by which the various governing bodies will be able to liquidate, not repudiate, their obligations to the financial powers, and simultaneously the financial powers will be able to continue rendering the same efficient service to the general public."

Now, Mr. Chairman, we are very pleased at having this opportunity of presenting this brief. There are many matters of fundamental principle on which our proposals

are based and which we believe could properly be subject of discussion. In that matter, of course, we are in your hands. I would be prepared to elaborate and to show that the proposals which we have made are based on economic principles which should be the foundation of any economic regime and should be the foundation of any true democracy. We believe absolutely in the principle of private enterprise, but we believe that there is a line between the common ownership of everything or what is now nationally recognized as socialistic government and the present private ownership or extreme individualism. We believe that there is a line that can be drawn whereby institutions can be maintained as well as private enterprise. We believe we have shown that we could prevent the payment of unearned interest and profits, which are not part of our producing mechanism. We believe homes are not part of our producing mechanism, that a home in itself does not earn income. It does not put food on the table, it does not put clothes in the wardrobe. It might be proper if our medium of exchange were put on a much more sound basis. Following that, it is essential to put the services going into the home, the issuing of money itself on a sound basis. We find that it can be issued at cost, to-day. I am speaking as a producer or a manufacturer and that cost is an additional factor. We have instead, the bankers issuing the money and this is another factor which enters into the cost of our haphazard system of issue and recall. We find that the cost of money, of the money we have, is too great. We find if you issue it against completed units of development, taxable wealth, homes, public services-- we find it can be issued at cost, one-tenth of one per cent or less.

When we get to the bottom of the thing we come to the question of the direction of activities. The orthodox view is this,-if I may be able to state so, that the rate of interest should determine the direction of activities, and I submit that that totally beggars the idea of national planning. I had a couple of hours conversation with Prof. McQueen, of Manitoba University, and I do not mind stating that he voluntarily agreed with me when he stated we must have or should have national direction of the issuance to a point that at least the minimum requirements of the people would be served. That, of course, includes housing and minimum public services. I can state and refer to many other men who have made a study of the subject. I had many hours,- seven different sessions with Prof. Alexander of Alberta University. He missed three lectures to talk to me and go over this, and when I left him he said "Hallatt, you have got this thing". Maybe I should not take the time of the Commission, but the result of the work I have done so far - and this Association with me, - convinces us that there is a line which can be drawn between the present tendency towards common ownership of everything and the present system of individualism. One thing as we see to-day, the rate of interest actually does determine our activities. In other words, just let me paint this picture for you: Every dollar we have comes into existence - every dollar in the hands of the public, every dollar deposited to the credit of the people comes into existence as a result of a debt to private institutions. The basis for the issue is, can the banker make a profit? Quite right. He is not in business for his health more than any other body giving service, but what is the rate that he charges? What is the condition that makes us pay such a tremendous rate? Why do we have a money system which says to the worker who wants a \$3000.00 home, you can

buy your home provided you can pay more for the use of the money, -- more than \$3000.00, \$4000.00, \$5000.00, just for the issuance and recall of the money, than the total cost of the materials and wages going into the house. We wonder why people do not buy homes. A man making \$25,000.00 to \$30,000.00 in a lifetime -- and that is above the average -- we say now, if you want a home you must pay half of that amount for those four walls and the necessary public services. It cannot be done, it never has been done, it never will be done. It is not necessary, and the whole thing simmers down to the cost of money. It is not that homes cost money, they do not cost money; nothing we have costs money. Everything we have costs labour, and until we recognize that fundamental principle we are not going to solve this problem. But what does cost too much is the medium of exchange which stands between labourers and the product of their labour. Definitely we can prove mathematically that while the banker must perforce charge a higher rate of interest with respect to money on short term loans for this and the other thing,--if the money was issued against usefully created units of wealth we can definitely show that it can be issued and controlled, and that the cost will not be more than one-tenth of 1%.

I say we must at once tackle this money problem and bring the cost down to its actual cost. I am not suggesting that the government take over control of all credit; the government can only limit its profits in respect to the issuance of credit, and should not invade the field of private enterprise, because if the government were to attempt, as they are attempting in the United States at the present time, to lend money for private enterprise, then they are immediately getting themselves into a condition where they are attempting to dictate to private enterprise, and that is verging on socialism. You cannot have the national con-

trol of money for commercial purposes without taking over the national control of industry at the same time.

Now, Mr. Chairman, unless there are some further facts that you wish to bring out - -

THE ACTING CHAIRMAN: There are no further facts we wish brought out, Mr. Hallatt, but the Counsel for the Commission may have some questions to ask. Mr. St. Laurent, have you any questions to ask?

BY MR. ST. LAURENT: Q. There are just two or three questions to clear up what is meant by the printed brief. The words inserted with respect to government bonds, debentures, and mortgages of homes which are internally held; does that mean those that are in fact internally held or those that are payable in Canada? A. Those that are in fact internally held.

Q. Would it not be extremely difficult to make sure they would remain internally held? A. Not at all Sir, in my estimation.

Q. If it were the suggestion that these bonds that were still held in Canada were going to be replaced by non-interest debentures, would there not be rather the tendency to export them, - to have them held by some one else? A. There may be that tendency, but the interest and so on would have to be paid outside of the country. Of course, that brings up another point, a point which all governments have to face sooner or later, and that is even our international borrowings need not be at the high rate of interest; there is no reason for any private institution to get such a high rate of interest on international borrowings.

Q. But does the plan involve modifying - I will not say repudiating, - but modifying the terms upon which a promise to pay of the Dominion and the provincial and municipal governments are now held by foreigners? A. That would have to

be, of course, by arrangement with other governments; that might take a period of time. But I submit that certainly one economic unit, known as Canada, must do business with another economic unit known as the United States, and the cause of most of our trouble is because we are doing all our public financing privately, as it were, instead of as one economic unit with another.

Q. But in any event, by internally held you mean that such bonds as are at the present time held and owned by persons outside of Canada would not be immediately affected?

A. Citizens of Canada would have their bonds paid because we find on the analysis that the adverse balance of trade -- of course, investments externally and internally are a factor -- but we find the adverse balance of trade is fairly well represented by our externally held obligations, and that must be paid in goods.

Q. But they would not be immediately affected, such of these bonds as are now held outside of Canada would not be immediately affected? A. No, that would be a matter of negotiation and eventual cutting out of the practice of selling bonds to private individuals outside of the nation.

Q. On page 5 just following that there are the words "The Hallatt Plan proposes the buying in of all outstanding internally held Government Bonds, debentures, and mortgages of homes to the extent of the agreed upon minimum standard."

Just what is meant by those words "to the extent of the

agreed upon minimum standard"?

A. That has specific reference to homes. For instance, it is a simple matter to determine the standard kind of a home, shall we say - - -

Q. If you are restricting it merely to the home, it would be that portion of the assessed value, or whatever yardstick is used?

A. For instance, if a man had a \$10,000.00 mortgage on his home on the minimum standard, - we can't give

one man \$50,000. or \$60,000. on a mortgage because we have to build homes of average utility, which will be of use to the average man.

Q. It does not refer to government bonds or to municipal debentures? A. No Sir.

Q. Did I understand you to say in your oral statement that your opinion is there was upwards of a billion dollars of government bonds, Federal, provincial or municipal, held at the present time in the chartered banks? A. That is the last information I had. I think that is correct. It is in that neighborhood.

Q. The liquidating plan would mean giving the banks a billion of these Dominion of Canada vouchers and retiring those bonds? A. That is quite correct.

Q. There must be quite a substantial volume of such bonds held also by the insurance companies and other companies handling the savings of the population? A. Quite right.

Q. And in the life insurance business the interest factor is one of the factors of the actuarial tables; the whole of the insurance business is built up upon a certain rate of interest? A. Well, I would hardly say that, I think it is a matter of mortality as far as the actual insurance cost is concerned.

Q. But the reserves which have to be carried against the insurance policies are calculated upon the minimum rate of interest? A. Well, they are not allowed to figure on any profit, as far as I understand, they cannot include that in any policy that they sell. The policy holder takes a chance on that.

Q. So that it would, to a certain extent, eliminate that form of individual saving? A. It would eliminate all the profit of governmental activities that are supposed to serve the public at cost, but it would not interfere with

the investment of funds in private enterprises, where all profits have to come out of it anyway.

Q. But we had a brief this morning upon the economic obstacles that young people are finding to marrying at the present time, and I understood one of the ways in which young people overcame that was by taking out life insurance which would protect a young widow and perhaps a young family in the event of the premature disappearance of the bread winner. That would be something which would have to be cared for in some other form? A. I believe I will have to apologize, I did not just get the point.

Q. It was represented by one of the organizations here this morning, that at the present time it is difficult for young people to marry at the usual marrying age because of the economic situation, and I have always understood one of the ways which has been adopted by young people to guard against the risk of the premature disappearance of a young husband, is by taking out life insurance. That is a problem which would have to be taken care of in some other way?

A. This does not affect that in the least, no change in that at all. When you take out life insurance, that means life insurance; it does not necessarily involve a profit on an investment.

Q. No, but the life insurance then would merely be sort of a co-operative scheme? A. In the final analysis, if I may use a popular term, life insurance is only a bet anyway. The whole thing is this, that the policyholders are now paying their own interest anyway, it is simply a matter of keeping a lot of fellows collecting money, in the final analysis, - collecting money so that they can hand it back to the policy holders at a

later date. I was talking to a friend of mine, a bank manager at Windsor, and he said "this thing has got to stop". He said "there are four thousand men in this town call on me, I cannot get any work done, they make 3200 calls a day, 20,000 calls a week in this town, keeping people from doing things. All they are doing is collecting additional money, investing it in a way that is not productive, and paying it back to the people after taking an unholy rake-off, and the policyholders themselves are paying the rake-off, and they do not know it. The people who are hollering most are paying the interest and do not know it, and we are tying ourselves in an economic knot, and in the final analysis the only solution of this thing is to get people back to work and then our problems will cease. Excuse me for waxing so enthusiastic, but it is because I am just filled up with this subject.

THE ACTING CHAIRMAN: Mr. Hallatt, we are indebted to you for your very clear contribution to our investigation.

EXHIBIT No. 338. Brief of the League
for Economic
Democracy.

THE ACTING CHAIRMAN: The Economic Reform Association, Mr. Evans.

Mr. Gladstone Evans, Economic Reform Association, was called.

MR. EVANS: Mr. Chairman, and Members of the Commission, this Association is at the present time just a small one, but has been numerically fairly strong in years gone by. We take the opportunity of presenting our brief, and have devoted a considerable amount of time and energy to the problems we propose to take up.

"The Economic Reform Association herewith respectfully submits certain considerations relevant to the matters now under survey by this Commission.

The Association regards the problems of taxation and constitutional re-adjustment principally from

"the viewpoint of the citizen-consumer, rather than that of the various branches of financial, industrial, commercial or professional life to which its members belong; inasmuch as the welfare of the consumer is a preponderant factor in the well-being of all groups alike." In other words, we have no particular axe to grind,

The Association is committed to the retention of our existing institutions, so long as they continue to contribute adequately to the general welfare; but is convinced that in their adaptation to changing circumstances lies the only effective means for their preservation.

We submit that the fundamental problem of economic and social readjustment in Canada consists in the close identification of powers and responsibilities, that is, the authority held responsible for the correction of any given evil must possess the necessary powers.

The absence of this condition constitutes the basic problem of Dominion-Provincial relations. For instance: -

(a) The regulation of banking, currency and finance generally, which demonstrably govern to a great extent the level of industrial employment, is a matter of Federal jurisdiction exclusively. Failure to regulate effectively in these matters has produced a considerable volume of unemployment. A distribution of powers which lays the responsibility for the relief of this unemployment at the door of the Municipalities and the Provincial Governments is evidently unworkable. If the powers for the regulation of finance are to be retained by the Federal Government, it must

"also assume responsibility for the consequences, including the relief of unemployment; even though it may be advisable to use local administrative machinery.

(b) The regulation of industry has been held to be a matter of Provincial jurisdiction; whereas, in the case of the construction industry at least, the problem of regulation is complicated and the level of activity virtually dictated by the financial practices of Municipal Authorities, who derive a large portion of their income from the taxation of the products of this industry, viz: - buildings. Again the level of construction activity is profoundly affected by the rate of interest, which is a matter of Federal jurisdiction exclusively. Is it any wonder that this industry, which is the victim of three independent regulatory authorities, should have contributed approximately two-thirds of our unemployment problem?

The co-ordination of powers and responsibilities is the first step requisite to the solution of the problems confronting Governments and Municipal Authorities. It is our belief that these problems - social and political in their manifestations - are in reality largely economic in their origin; and, certainly that they have attained their present magnitude principally because of the partial breakdown of the economic machine. Our approach to these problems, is, therefore, primarily by way of economic mechanics.

In submitting the following proposals we have consequently endeavoured to be as specific as possible, with a minimum of reference to the broad principles underlying social and constitutional de-

velopment.

PROPOSALS

1. The Economic Reform Association advocates the establishment of an adequate and stable internal price-level in Canada, as a prerequisite to any effective economic regulation, on the grounds that it is essential to the optimum employment of our human and natural resources and to the equity of all contracts. The experience of Great Britain and Sweden during the last seven years demonstrates the feasibility of such a policy and its beneficial effects.

The stability of the price-level can only be achieved when it is laid down as the cardinal principle of financial policy. Until the provision of funds is governed by the requirements of industry and commerce, the financial tail will continue to wag the economic dog, with disastrous consequences to both. The de facto abandonment of the gold standard affords in Canada the same opportunity as that which has been seized and acted upon in Great Britain and Sweden. Moreover, the validity of this principle has been admitted in the report of the Macmillan Commission and the ensuing Bank of Canada Act. What is required is a vigorous implementing of this policy, with such expansion of the provisions of the Act as will probably be required to make it effective.

More specifically, we submit that the credit-issuing activities of the commercial banks constitute the major controllable factor for the elimination of disastrous booms and depressions. According to their own admission, the commercial banks have largely retired from their proper sphere of financing commercial

"and industrial employment, (through the extension of current loans), and are now engaged in the financing of unemployment through the accumulation of vast portfolios of bonds and debentures issued to cover the costs of relief. We submit that the commercial banks' accumulations of such fixed assets should be financed solely by genuine term-deposits, with stringently limited rights of withdrawal; and that their facilities for the creation of credit should be utilized only for the financing of the productive and self-liquidating requirements of industry and commerce. Until this clear-cut distinction is recognized, bank credit, which constitutes almost the entire supply of effective money in the country, cannot be made to fulfil effectively its proper function. Instead of flowing through the legitimate channels of industry and commerce, it will always be liable to diversion into multifarious forms of debt-expansion.

If, despite the enunciated policy of the Bank of Canada for the maintenance of a stable price-level, failure of the commercial banks to maintain a proper circulation of credit should produce a deflationary fall in prices, (such as we have recently experienced) we submit that the responsibility for rectifying this condition devolves upon the Federal Government. Since neither taxation nor borrowing can rectify a deflation, the funds for the necessary public works and for the residual relief requirements should be provided by direct expansion of money, free of interest charges, through the Bank of Canada.

2. We submit that a drastic revision of the regulations governing the incorporation of companies is urgently required. Before this can be effected the dual jurisdiction of the Federal and Provincial

"Governments must be reconciled, either by uniform legislation or the centralization of authority.

The essential characteristic of a corporation is its use of funds obtained from the public. The terms under which such funds are commonly obtained at present are prejudicial to the stability of the whole economic structure.

The issuance of industrial bonds, purporting to guarantee interest and principal, and founded upon so-called 'fixed' assets, is both hazardous and undesirable under rapidly-changing modern conditions, since it introduces extreme rigidity where sound economic policy requires the utmost flexibility. The presence of a bond issue in the financial structure of any corporation, faced with the necessity of adjustment to deflationary pressure, can only result in a disproportionate reduction of wages and other controllable costs, involving an intensification of the vicious process of reduction in consumer buying-power. This condition is in no wise improved when the bond issue originally represented no commensurate asset -- a state of affairs which has been all too common in Canada.

No such objection can be registered against common stocks, which merely guarantee an equity in profits, as earned; and we submit, therefore, that flotations for industrial purposes should be confined to securities of this type."

COMMISSIONER ANGUS: Is that quite consistent with your suggestion that the Government should maintain a stable price level? I mean, if that condition is realized and there is a stable price level, could there then be such a thing as adjustment to deflationary pressure?

MR. EVANS: What we are trying to do there, having suggested in our first proposal the maintenance of a stable price level, we are now going on to deal with some of those things which at the present time prevent us from having one.

COMMISSIONER ANGUS: Well, put it the other way around, that certain types of securities are barred because the price level is not stable and therefore you should have other types.

MR. EVANS: Yes, that is partly true. That is to say, that there is something there which is both acting and reacting. Then our third proposal.

"3. We submit that the need for general revision of the tax structure has become imperative, if it is to play its proper part in the maintenance of economic stability and the development of essential social services.

The Economic Reform Association does not contend that the total burden of taxation is insupportable in a country so richly endowed as Canada, and so fortunately free to apply its resources in the ways of peace. Neither is it under any misapprehension as to the ultimate source from which the bulk of this tax revenue must be derived, viz; - the income of the public.

We are convinced that the incidence of taxation at present markedly intensifies the instability of the economic structure. For instance, the sales tax is exactly proportioned to any individual's expenditure on goods and services. In a conjuncture where every effort is needed to induce individuals to provide employment by such expenditure, this tax tends to defeat social policy.

Again, the general property tax levied by Muni-

"icipalities, falling as it does largely on the products of the construction industry, penalizes that industry at a time when the alarming proportions of the unemployment problems can only be reduced by the stimulation of construction. At the present time we are faced with the anomaly of the Federal and Provincial Governments appropriating millions for the encouragement of building while the Municipalities, by increasing their local rates, make it more and more unprofitable to build.

Aside from taxes justified on special grounds, such as import duties, luxury taxes and succession duties on large estates, this Association submits that the principal source of all revenue for general and social purposes must be a direct tax on personal income. With the virtual elimination of indirect taxation, the income tax could then justifiably be extended downwards. In any event, the tax should be steeply graduated, with an eye to the reduction of disturbing inequalities; on the grounds that economic stability can only be expected when income is distributed to those who will spend it on goods and services. "

COMMISSIONER ANGUS: Do you think the graduated income tax does not sometimes set up forms of instability itself?

MR. EVANS: For example?

COMMISSIONER ANGUS: For example, if a man has a very big income, the tax on his last thousand dollars may be so high that he may have beneficially \$100.00, \$50.00, or even nothing at all. Under those circumstances he is under a great inducement to invest, - a mathematical inducement to invest in quite hazardous things because if he makes a chance gain he can keep it. If he gets 5% or 6% on his money, it

melts away in the high tax rate which is proposed, so that you may put up a highly graduated tax and put a man in the position of where he has the temptation to go in for a type of investment which is, itself, a source of instability.

MR. EWANS: I am not at all sure that the present distinction between certain forms of capital increase and certain forms of income would remain as it is if I had anything to say about it. That is to say, I think there is there a subject for discussion and action. But certainly this Association has always taken the stand that some things are matters for technical experts, and others, for public direction, and all we attempt to do is suggest the forms which public direction should take.

"By this means, the cost of social services, including unemployment relief, hospitalization of indigents, and education, will be evenly spread over large areas; with a consequent reduction of evasion of payment on the part of taxpayers and of the evasion of responsibilities on the part of local authorities, which are widespread under the present chaotic arrangement. (A demonstration of the effectiveness of this principle is to be found in the displacement of county authorities by Provincial Departments for the development of our present highway system.)

4. We submit that Canada has arrived at a stage where the inter-relation of social and economic trends must be recognized and full advantage taken of them.

The production of consumable goods now requires a progressively decreasing proportion of our human resources. Failure to utilize fully the residual human capacity is not only a deplorable waste but also a potent cause of economic instability. When-

"ever private enterprise is unable to find a profitable use for all of this surplus energy and skill, the remainder becomes available for fields of activity and effort which are partially or entirely controlled by public bodies. At such times the extension of social services and construction of public works are sound policy, from every point of view.

Some of these activities will be wholly or partially self-liquidating; others non-revenue-producing, but entirely justified on social grounds. Since it is manifestly unsound to pay a profit on money used in non-profit-making effort, that portion of the necessary money which is not raised by taxation must be provided free of cost through the Bank of Canada. The money so distributed should be retired by taxation or left in circulation, as economic conditions dictate.

Effective action on this basis would tend to the maintenance of an adequate distribution of buying-power, and the enrichment of Canadian life, at the same time eliminating a great deal of involuntary unemployment.

We submit further, that the relief of those who still remain without adequate means of support should no longer be regarded as a political expedient for the mitigation of unrest arising out of distress; but rather as a deliberate financial device for stimulating the demand for goods and services, and as a factor vital to re-employment. The provision of funds for this purpose should be on the basis outlined above.

SUMMARY

The foregoing proposals are based upon the belief that the political and constitutional aspects of

"Dominion-Provincial relationships can only be viewed in their proper perspective when they have been freed of the complications and distortions set up by economic factors.

The allocation of fields of taxation is not likely to be placed upon a permanently satisfactory basis while incomes, which are the essential basis of public revenues, are subject to violent fluctuations.

Taxation itself is apt to be viewed in a false light by all classes of the community so long as they cannot look to the future with any degree of confidence; (a fact which accounts for most of the demand for curtailment of governmental and social services); and the situation is aggravated by the multiplicity of taxation devices, which make it quite impossible for either individuals or corporations to determine what proportion of the burden they are actually bearing.

We have endeavoured, therefore, to outline measures which will promote the utmost possible economic activity, and develop confidence by the maintenance of economic stability. Of these, the fundamental basis is dealt with in Proposal # 1, while the remaining three are complementary to it and essential to its effectiveness.

Proposal # 1 is designed to establish a sound relationship between economic activity and the creation and issue of money; such that the real value of the monetary unit, (i.e., its domestic buying-power), will remain stable within narrow limits. Proposals # 2, # 3, and #4 set out the principles which should govern the circulation of money through

"private investment and public services, in order that this stability may be maintained.

By these means, we believe, the difficulties of Governments and Local Authorities can be reduced to the minimum, many of the present causes of friction eliminated, and residual problems brought within possibility of solution.

All of which is respectfully submitted."

COMMISSIONER ANGUS: On page 4 you speak of the failure of the Commercial banks to maintain a proper circulation of credit. Is it possible that the commercial banks have been, to some extent, the victims of a situation which they dislike; that is to say, that there were not sufficient commercial borrowers/^{to}whom they considered it safe to lend, to enable them to keep lending for commercial purposes?

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MR.EVANS: That may be so, sir, but the question then is, is the opinion of a commercial banker as to the safety of a loan to any given party a safe and sane basis for the issue of a nation's money?

COMMISSIONER ANGUS: It is the basis he has to go on.

MR.EVANS: Yes, what I am getting at is I am not attempting to lay the blame now on him but I am merely saying I doubt if that system is a completely satisfactory one from our point of view.

COMMISSIONER DAFOE: Your reliance upon the income tax to an increasing degree suggests that perhaps you have given some thought as to how the income tax should be collected and distributed?

MR.COBURN: We have done so, sir. In the first place, regarding the problem perhaps in the negative fashion. That is we felt that broadly speaking the taxes are collected from citizens who have incomes or else from those who have not. If they are collected from those who have not they are confiscation. They are simply taking the man's capital from him when he has no income. And starting on that basis we felt that to make the tax system what it really is, that is a direct charge on the income of the individual, was salutary. As to the distribution of the result, the resultant income of a government, quite frankly, sir, that has not been our concern.

COMMISSIONER DAFOE: You see, you have three levels of government. Would you have a common collecting agency and a distribution on some basis, on percentage?

MR.COBURN: Yes, with an appropriation that in some circumstances that would have to be modified. An example along that line I think is clearly indicated in the English experience with depressed areas. We could profit

from that experience and anticipate it. Even so, I think any authority would agree that the English procedure of only levying a part of your local costs by local rates and levying a larger proportion in the form of a general rate, which is related to the locality, is much sounder business. There would still have to be a considerable degree of local responsibility, but there could be no justification for the multitudinous taxing authorities we have now. It is quite easy I know to indicate the difficulties that are involved in a proposal of that kind. It is no less easy, sir, to indicate the difficulties which have been created by the very type of procedure which has just simply meant that we have taken the sick horse and beaten it until it could not stand and then have tried to pump it up again to make it carry its load, which is expensive and still ---

COMMISSIONER DAFOE: Yes, but you have not answered my question: Should the Dominion Government collect the income tax and distribute it?

MR. COBURN: Yes sir.

THE ACTING CHAIRMAN: Have you any questions, Mr. St. Laurent?

MR. ST. LAURENT: There are just two or three questions to clear up some points here. On page 4 there is a reference to the deflationary prices we have recently experienced. Does recently here mean something that is a matter of weeks or months, or during the past seven or eight years?

MR. COBURN: When that was under original consideration, sir, we referred to the last seven or eight years. Unfortunately it is now timely in actual fact, that there has been admittedly to date a moderate, but admittedly decline in the price level. Correctly when that was written

it referred to, if you like, 1933, '34 and '35.

MR. ST. LAURENT: Are you saying, sir, there has been in recent weeks or months a tendency to price decline?

MR. COBURN: Yes, I think that is true, sir, that the internal price level in Canada has shown signs of weakness.

MR. ST. LAURENT: That would be the prices of commodities?

MR. COBURN: Yes sir.

MR. ST. LAURENT: Then, there is the suggestion that in company finance the use of bonds be eliminated. Is it the view that all the capital which was in fact obtained for industrial purposes could have been obtained on the ordinary common stock basis?

MR. COBURN: Sir, that is a hypothetical question in the class of "if" only. Admittedly no one company could have gone into the market while other companies were borrowing on an industrial bond basis and gotten the same funds under similarly favorable circumstances with an inferior guarantee. But when we come to draw the picture, supposing no one had had an industrial bond available to him to invest in, what would have been his attitude towards a common stock, it is a speculation which I would hesitate to follow, sir.

MR. ST. LAURENT: Because it does appear that there was considerable capital invested in industrial enterprises that have been beneficial.

MR. COBURN: Yes sir.

MR. ST. LAURENT: And not invested by those who were usually investors in common stock.

MR. COBURN: Particularly when we were in the position of borrowing abroad, it was a factor, sir. It served its term.

MR. ST. LAURENT: On page 6 there is the statement there is an evasion of the payment on the part of the

taxpayers which is widespread under the present chaotic arrangement. Just what have you in mind there?

MR. COBURN: Well, sir, I can give you a local instance that is very close to home. The municipality of Forest Hill is very closely and intimately connected with the municipality of Toronto. Now, the actual fact of the matter is at the present time that the cost of education is largely borne by a levy on real estate. It is notable that the municipality of Forest Hill had a much lower levy, until recently, than the city of Toronto. I think I am within safe bounds, sir, in stating that it was a deliberate policy of responsible authorities in the municipality of Forest Hill to discourage the development of that municipality in any way that would increase the proportion of children which would increase the relative educational costs to be borne by the municipality. A town or village planning board was set up and that was one factor in their considerations. And we had the anomolous situation in Toronto for many years of a group of wealthy citizens actually residents of Toronto in everything except the mere legal form, that is, they carried on their enterprises in Toronto and they made their incomes in virtue of what Toronto could offer to them, and who managed to evade a proportion of their payments.

MR. ST. LAURENT: When you say they evaded, you mean who managed not to attract a proportion of taxes?

MR. COBURN: That is purely a question of your attitude towards the priority of education as a cost and where it should lie.

MR. ST. LAURENT: I do not think so.

MR. COBURN: After all, these men moved into Toronto every morning in their motor cars and hired clerks who had

been educated in Toronto schools and returned at night to a community which was carefully selected to see that it would have no clerks to educate. Now, that one particular example ---

MR.ST.LAURENT: Is that an example of both the evasion of the taxpayer and an evasion of the local authority?

MR.COBURN: We can find you a more entertaining example of the evasion of local authority in the case of the head of the lakos, which is reputed to have paid the fares of relief, or would-be relief recipients, to Calgary, according to the reports in the daily press. Now, I cannot check on the validity of the daily press reports, but that is ~~is~~ understanding. Why Calgary I do not know, sir. But when you see definite reports circulated, printed and published that people were arriving in Calgary from Fort William and Port Arthur, and another municipality had paid them their fare definitely to get out and I presume that Calgary would pay their fare to somewhere else ---

MR.ST.LAURENT: And that is what you had in mind in this expression?

MR.COBURN: If it was a general tax over a large area the evasion of that tax would be much more difficult.

MR.ST.LAURENT: What is meant by the distribution of relief being a deliberate financial device for stimulating the demand for goods and services? That is, to use them as spending agents?

MR.COBURN: Yes sir, that is to say, a relief recipient has two values, he is a man who has been relieved, which is one value. He is a market for goods and services at a time when we need markets for goods and services, which is a second value.

MR.ST.LAURENT: Then on that page there is also the statement "A fact which accounts for most of the demand

for curtailment of governmental and social services"? What is it you had in mind as the demand for curtailment of governmental and social services?

MR.COBUEN: Well, sir, we had heard that briefs had been submitted to this commission suggesting that the Government be instructed simply to cut down governmental and social services without respect to the necessity of the service or its relative status, - according again to press report. We understood that this Commission had been advised that in certain quarters when it was decided to cut the budget instructions were issued to cut the budget 10% in every department and let it go at that. We felt that a demand for a reduction in taxes more or less at any cost was largely a reflection of a condition where the interests so advocating were uncertain of their own income and who were therefore disproportionately perturbed by the presence of a fixed charge against an income which was subject to fluctuation.

MR.ST.LAURENT: I am not sure that I understand. "A fixed charge against an income which was subject to fluctuation?" That would not be in the form of income tax, that would be in the form of ---

MR.COBUEN: No, of other levy.

MR.ST.LAURENT: Of other levies than income tax?

MR.COBUEN: Yes.

MR.ST.LAURENT: Then, when the statement is made of the necessity of an income tax being steeply graduated, is it intended to suggest a more steeply graduated tax than the one that exists at present?

MR.COBUEN: Frankly, sir, the position of the Association on that point, which we did not feel was entirely germane to the field of this Commission, is that beyond a reasonable spendable limit without offensive

ostentation no man in this society is entitled to an income.

MR.WT.LAURENT: So it would mean in effect fixing by governmental control a maximum income?

MR.COBUrn: In effect, yes sir.

MR.ST.LAURENT: When that limit was reached then the tax should be 100% of anything exceeding it?

MR.COBUrn: Yes.

MR.ST.LAURENT: Thank you.

EXHIBIT NO. 339 - Brief of Economic Reform Association, Toronto.

THE ACTING CHAIRMAN: Will you allow me to say, sir, it is an interesting brief, very fairly and very cleverly presented and defended.

The next brief to be presented is that of the Housewives Association of Canada,

MRS. RAE LUCKOCK: (President of Ward 5 Housewives' Association and member of the Central Council of the Housewives' Association of Canada.)

Mr.Chairman and fellow members of the Commission:

It is my privilege to present this brief on behalf of the Housewives' Association of Canada.

"Royal Commission on Dominion-Provincial Relations.

BRIEF

THE HOUSEWIVES' ASSOCIATION OF CANADA

To : The Rt. Honourable Newton W. Rowell, P.C. LL.D.,
Chairman of the Royal Commission on Dominion-Provincial Relations, and to the Members of the Commission:

PREAMBLE

The Housewives' Association of Canada is an organization formed to -

(a) Reduce the high cost of living.

(b) Facilitate and advance the interests of housewives.

- (c) Give to its members the most advanced and improved knowledge on purchase prices.
- (d) Be a Bureau for the practical distribution of information relating to every aspect of household economy, to the mutual advantage of its members.
- (e) Collect all available information regarding the prices of food products, fuel, rent, articles of clothing and commodity prices in general, and to devise ways and means to reduce these prices to a minimum.

The Housewives' Association of Canada is a non-political and non-sectarian organization and being purely voluntary none of its members or executive officers receive any salary. The organization stands for better social and economic conditions on the part of the common people of Canada and it proposes to raise the general standard of living by a greater co-operation between producers and consumers. This organization stands for a living wage for all who labour and it proposes to assist organized labour to increase their wages and improve their working conditions."

THE ACTING CHAIRMAN: For the purpose of our record, what is your membership?

MRS. LUCKOCK: We have a membership of about 10,000 paid up.

THE ACTING CHAIRMAN: Thank you.

COMMISSIONER ANGUS: Is membership open to any housewife?

MRS. LUCKOCK: Yes sir.

Purpose of the Housewives' Association

"The Housewives' Association of Canada was formed

in order to give the housewife-consumer a voice in the over-rising cost of living and the rising price of food in particular. During the past year the price of food has risen from 15% to 30%. Wages have not risen accordingly but have remained stationary or have even been reduced. The inability of the housewife, as a consumer, to balance her budget in the face of increased food costs on reduced incomes has created a situation whereby the health of many of our people are being seriously affected through malnutrition. Relief recipients receive the same cash vouchers for relief as they did in 1933, which means that they now receive 30% less for food than they did in 1933. This condition is not in the best interest of the citizens of Canada, nor are people who lack the necessities of life in any position to avail themselves of employment even when work is available due to their run-down physical condition.

On February 15th, 1938, Honourable Norman MacLeod Rogers, Minister of Labour, announced in the House of Commons that he would instruct the Registrar of the Combines Investigation Act to investigate the prices of food in Canada.

A few days later Mr. Rogers said he would not advise setting up a Committee to investigate the cost of living, having regard to the 'Constitutional Limitations' and suggested such an investigation should be carried out by the Provincial Legislatures.

We shall attempt to show that many of the necessities of life, such as bread, milk, meat, canned goods, are to a large extent controlled by monopoly companies who operate by means of

their subsidiaries throughout Canada and that those companies are not working in the best interest of the public of Canada.

The following is taken from the report of the Royal Commission on Price Spreads, 1935.

THE MEAT PACKING INDUSTRY:

In 1932, Canada Packers, Limited sales were \$54,000,000 or 59% of the total sales in Canada. Sales of Swift Canadian Company were \$24,000,000 or 26% of the total.

These two companies dominate the industry, their buying and marketing policies affect their smaller competitors largely determining the operating methods of the industry. The consumer is at a bargaining disadvantage and is in danger of exploitation as uncontrolled monopoly develops.

The Housewives' Association of Canada contends that it is not in the best interests of either producer or consumer that those companies or any other companies should be in a position whereby they can dominate the industry so as to be able to determine the price not only to the producer but also to the consumer for regardless of the inefficiency or unprofitable extension of these companies all the deficiencies must be paid by the producer or consumer or both.

THE MILLING AND BAKING INDUSTRY

In 1932, of 394 flour mills operating in Canada, 22 produced between two-thirds and three quarters of the total flour production.

The milling companies have endeavored to eliminate competition by forming subsidiary baking companies as sales outlets for their

products. At the present time Maple Leaf Milling Company Limited controls Canada Bread Company, Limited, Canadian Bakeries, Limited, Eastern Bakeries, Limited, and Dominion Bakeries Limited. Ogilvie Flour Mills Company Limited controls Consolidated Bakeries Limited, Northern Bakeries Limited, McGavin Companies, Limited, and National System of Baking. Lake of the Woods Company Limited controls Inter-City Baking Company and Inter-City Western Bakeries. Western Canada Flour Mills controls Purity Companies, General Baking Company Limited, and Brusons Companies Limited.

The milling and baking industry has maintained a tremendous surplus plant capacity over a twenty-one year period which has increased the overhead of each company in the industry. The duplication and multiplication of delivery systems have increased the cost to the ultimate consumer beyond the requirements of a reasonable service on such a necessity of life as bread. The sale of bread has been exploited by catchy names and health-giving ingredients which in many cases are not justified.

The Housewives' Association of Canada is of the opinion that an every-day necessity like bread should be available to the public at the lowest possible cost consistent with quality and a fair return to employees and that bread requires no sales organization or expensive advertising campaigns in order that it may be sold and they do not feel that the consumer should have to pay for these unnecessary advertising wars between individual companies nor do they think that the consumer should have to pay an increased price for bread because of a duplication and multiplication of delivery systems which in some cases amounts to as much as 2c

a loaf.

MILK AND DAIRY PRODUCTS:

The Royal Commission on Price Spreads did not investigate the milk and dairy industry but it is the contention of the Housewives' Association of Canada that the same conditions prevail in this industry as do prevail in the milling and baking industry.

In the Province of Ontario four companies do by far the largest percentage of the business. Borden's Limited, Caulfields Dairy, Limited, Silverwoods Limited, and Eastern Dairies Limited dominate the industry and this has been further complicated by the establishment of a Milk Control Board ostensibly to insure a minimum price to the producers but actually to fix the price to the consumer at such an amount that the dairy companies may make a profit. The duplication of delivery systems has to be paid by the consumer and in Ontario the Provincial Legislature has not only fixed the price to the consumer in certain districts but has prevented the consumer from establishing co-operative dairies on a dividend purchase basis except on share capital as provided by the Provincial Companies' Act.

The Housewives' Association of Canada condemn the fixing of milk prices arbitrarily by a board on which no consumer representative is present and it is the contention of the Housewives' Association of Canada that such price fixing which is beyond the capacity of the consumer to pay is not only detrimental to the farmer producer but also to the dairy companies themselves in that an increased price automatically means a lower consumption, not to mention the adverse influence from the standpoint of health on that percentage of the public who are

thereby deprived of such a daily necessity as milk."

I wonder, Mr. Chairman and Mr. Commissioners, if at this point I might be permitted to read an editorial that is going to appear in the Housewives' Report paper this week.

THE ACTING CHAIRMAN: Certainly you may read it.

MRS. LUCKOCK : "Editorial, 'Housewives and Milk Advertisements'. A series of advertisements have been appearing in the Toronto daily papers sponsored by The Milk Foundation of Toronto. These advertisements are headed 'A calcium beauty treatment in every glass of milk' and are captioned 'clear up your complexion with milk'. They appear over the name of Dr. J.B. Reynolds, President, and are evidently inserted to indicate the importance of milk from the standpoint of health and beauty.

The following is a quotation from one of the advertisements:

'Are you perfectly satisfied with your complexion? Is your skin smooth and lovely in texture -- clear -- alive-looking? Or do you sometimes envy the complexion of some other girl? You needn't. If you went to a skin specialist for treatment, he would tell you that a deficiency of calcium in the diet starves the skin -- makes it rough, lifeless, unbeautiful. Fresh milk is so rich in calcium that every glass is a beauty treatment...'

We do not know who pays for the advertisements or who originated The Milk Foundation of Toronto but we do know that Dr. Reynolds was actively associated with the Ontario Milk Producers when an agreement was made with the Toronto Milk Distributors which raised the price of milk to

the consumers of Toronto one cent per quart.

The Housewives' Association does not believe that milk requires costly advertisements which eventually have to be paid by the consumer or producer or both, to demonstrate its value from the standpoint of health, but what is important, and we would like to point this out to Dr. Reynolds, that unless the price is within the capacity of the consumer to pay then all the advertisements in the world will not increase its consumption.

Since the increase in the price of milk last November the consumption has decreased about twenty-five per cent and at the same time, due to the quota system of the Toronto Milk Distributors, there has been an increase in the surplus milk production of the farmers to almost thirty per cent. In other words the farmers are selling thirty percent less fluid milk than they produce due to the quota system of the Toronto Dairy Distributors while the consumers are buying twenty five percent less because of the increased price.

The insertion of expensive advertisements stressing the health value of milk, a fact already known to every housewife, will not remove the artificial barriers of quotas and fixed prices which now prevent the farmer from selling the surplus milk he produces and which the city consumers are most anxious to buy and would buy were the price within their capacity to pay. If The Milk Foundation of Toronto are really interested in increasing the consumption of milk they can do so very readily by devoting their efforts to reducing the price for as soon as this is done the consumption will increase of its own

accord without the aid of 'health and beauty' advertisements."

That is the end of the editorial.

CANNING OF FRUITS AND VEGETABLES

"The canning of fruits and vegetables is practically controlled by two companies, Canadian Cannery Limited, and Associated Quality Cannery Limited. The former company dominates the field and this position has largely been obtained by amalgamating or buying out of smaller competing companies.

One of the definite factors in the price of canned fruit and vegetables is the cost of containers and at the present time through an arrangement with the American Can Company Limited the Canadian Cannery Limited are able to purchase their container at a lower price per can than any other company in Canada.

The inability of either the producer or the consumer to have any say in the price that the farmer receives for his products or the price that the ultimate consumer has to pay, is not nor cannot be in the interest of the public of Canada and this is the contention of the Housewives' Association of Canada relative to the canning of fruits and vegetables.

PRODUCER-CONSUMER CO-OPERATIVES

The Housewives' Association of Canada believes that the ultimate solution of our social and economic problems is by the formation of Producer-Consumer Co-Operatives to the mutual advantage of both producers and consumers. The co-operative principles

of one vote to each member, which person must be present to vote, the payment of fixed and reasonable rate of interest on capital and the payment of dividends according to individual purchases is the ultimate solution of the problem of both producer and consumer.

The Housewives' Association of Canada do not believe in the over-regulation of industry by the Government, (1) because the added restrictions of government regulations only add to the overhead of legitimate business and hence increase the price to the consumer. (2) the governments of Canada should make a business success of their own enterprise before they are competent to show industry how to run theirs and as at the present time in Canada all governments, Federal, Provincial and Municipal, have increased their bonded debt and also their taxes from year to year it would thus seem impertinent for any such government to show any industry how to operate on a more efficient basis until such time as they put their own house in order.

The Housewives' Association of Canada contends, however, that there should be Federal legislation for the incorporation and regulation of producer consumer co-operatives so that they can do business on the same basis as federally incorporated companies and also adequate legislation to establish Credit Unions throughout Canada.

RIGHTS OF THE CONSUMER

The Housewives' Association of Canada contend that the consumer has the following rights and

that any legislation, federal or provincial, that denies those rights are not in the interests of the majority of the people of Canada.

These rights may be defined as follows :

- (1) The right to buy in the open market at competitive prices without government restriction.
- (2) The right to buy goods as advertised without false or misleading statements as to quality.
- (3) The right of grade designations so as not to confuse the consumer.
- (4) The right of certainty of specifications and formulae of manufactured articles.
- (5) The right to purchase products free from harmful or poisonous ingredients without adulteration or the substitution of cheaper or inferior goods.
- (6) The right to purchase simple products according to the price of their intrinsic value rather than an exorbitant price because of a brand or trade name.
- (7) The right to purchase products without deceptive packages and containers, or short weight packages.
- (8) The right to purchase products free from the complexity of modern products that are in themselves not dissimilar except for the multiplication of brands and trade names.

The Housewives' Association does not believe that all these rights are obtainable at the present time but they do believe that they should be

obtainable and that an active consumer organization will ultimately bring them about. The Housewives' Association also believes that it is one of the functions of the Federal and Provincial Governments to assist in this process by legislation and by the education of the consumers so that they may form an active and intelligent organization of public opinion.

SPECIFIC LEGISLATION REQUIRED

The Housewives' Association of Canada believes that the government should establish:

- (1) A committee to investigate the prices on all food products, fuel, rent, articles of clothing, and commodity prices in general under the Combines Investigation Act relative to the present high cost of living in Canada.
- (2) A monopoly Control Board composed of one representative from the producers, one representative from the consumers and one representative from labour and industry. The function of the Monopoly Control Board would be to investigate all charges of unfair trade practices, to eliminate price fixing by monopoly control, to continue the present forms of industry less the ruthless and cut-throat characteristics and over-duplication of our present monopolistic and semi-monopolistic enterprises.
- (3) Proper standards of merchandise so that consumers would know when they purchased wool, silk, silverware, etc., so marked that this would mean exactly what they say instead of half-wool semi-silk, silver plate, etc., as now is the case.

(4) A consumer Purchasers Board to enforce the keeping of proper consumer standards, giving the Board the right to publish the names of products and manufacturers which did not come up to the proper standard.

(5) The prevention of the adulteration of food products by the setting up of a minimum standard below which no food or any other products could be sold.

(6) The compulsory marking and labelling of all products according to the standards set and the indication of such standards by numerical grades on the products sold.

(7) Standards of measures and containers so that the public would not be mislead as to weight, quantity or quality of ingredients sold.

(8) The curtailing of extravagant guarantees as to performance and the making of it a criminal offence if the goods or products did not come up to the standard guaranteed.

The Housewives' Association of Canada realizes that there are many laws on the statute books, both provincial and federal, that relate to the above matters but it is the contention of our association that if the present laws are not adequate in themselves to protect the public that they should be made so and if they are adequate then they should be properly enforced.

GENERAL LEGISLATION

The Housewives' Association of Canada knows that the majority of taxes and government levies ultimately have to be paid by the consumer and thus they deplore the inefficiencies and over-

duplication of governments, federal, provincial and municipal, resulting in an ever increasing bonded indebtedness, the interest of which must be paid by the collection of such taxes as the sales tax and upward revisions of the tariff levies, both of which increase the price to the consumers and ultimately have to be paid by them. This situation is still more deplorable when it is known as the fact is that the money spent for interest on bonds does not return to the public in the form of increased social and economic benefits but is retained by those who by their very financial minority in numbers (but majority of capital) are able to wait until the government again requires additional finances which in turn again increases the debt of the country.

The Housewives' Association of Canada condemn the practice of fixing prices by such acts as the Ontario Milk Control Act and it views with alarm the tendency of governments to control and regulate legitimate business by commissions and non-legislative bodies which have the power to make regulations which have the effect of law and yet are not subject to the control of the elected representatives of the people. The Housewives' Association are especially concerned regarding this because of the experience in other countries of the world where the continued extension of regulatory forms of government have lead to some form of totalitarian if not dictatorial form of government.

The Housewives' Association of Canada believes that all legislation should be in the interest of consumers for such legislation is never class

legislation, for everyone is a consumer and hence must inevitably be in the interest of all the public, whereas legislation of any other kind is inevitably class legislation, and as such although it may benefit by its restrictions a select group in the community, the gain of the few will not compensate for the loss of the many.

The Housewives' Association of Canada believes that the remedy for our social and economic problems is to increase the purchasing power of the consumer and that this can best be done by (1) lowering the cost of distribution by the establishing of producer-consumer co-operatives and (2) by making our governments more efficient so that the great and increasing burden of taxes, which now rests so heavily on the consumer and hence reduces proportionately the power of the consumer to purchase essential goods and services including the products of the farm and of labour, might thereby be removed. The increase of an effective consumer demand will in itself raise the price of farm products and at the same time raise the rate of wages of those who by their daily work produce the necessary goods that the consumer is constantly demanding and which he is not able to purchase because of the added costs of an ineffective distribution system further burdened by government taxes that take more from the people as consumers than they return in social and economic benefits.

The Housewives' Association of Canada believes that the interests of the consumers of Canada are the interests of the people of Canada and that any

recommendations that this Commission may make toward the improvement of the condition of consumers will be in the best interests of the public of Canada."

This brief is respectfully submitted.

EXHIBIT NO. 340 - Brief of the Housewives' Association of Canada.

THE ACTING CHAIRMAN: As all the members of the Commission are consumers they will give very careful consideration to this brief.

MRS. LUCKOCK : Thank you. We wish to thank the Commission for allowing us the privilege of coming and reading our brief to you, and we are most thankful.

THE ACTING CHAIRMAN: It was a pleasure to hear you, Mr. St. Laurent, have you something you desire to place before us?

MR. ST. LAURENT: Yes, Mr. Chairman. On Friday there was reference made to some questions that had been submitted in writing to the Ontario Government, following the suggestion made by Mr. Hepburn when he opened his statement that he would prefer to have the questions in writing to be considered, and the Attorney-General declared they were matters of considerable importance and that they would require to be dealt with by the Council or the Cabinet before the answers were available. I noted in the transcript the questions were not then made a part of the record. I would like to file the questions and ask that the reporter be instructed to transcribe them in the minutes of the proceedings.

THE ACTING CHAIRMAN: We will consider them as read.

MR. ST. LAURENT: And they will be put in the transcript of the proceedings?

THE ACTING CHAIRMAN: Yes. Anything else?

MR. ST. LAURENT: That is all.

THE ACTING CHAIRMAN : This brings the Toronto sittings to a close, and we will resume in the City of Quebec on Thursday morning at 10:30.

QUESTIONS ON WHICH THE COMMISSION WOULD BE GLAD TO HAVE THE VIEWS OF THE GOVERNMENT OF ONTARIO.

1. In the light of the economic and social developments of the last seventy years, is the Government of Ontario of opinion that there should be any change in the financial basis of Confederation or in the distribution of legislative powers? If such is the opinion, what changes does the Government of Ontario suggest?
2. This Commission is required to report as to whether taxation as at present allocated and imposed in Canada is as equitable and as efficient as can be devised. Does the Government of Ontario suggest any change in the present system of taxation?
3. In view of the figures of total tax burden in Canada given at page 24 of Part II of the Ontario submission, is it the opinion of the Ontario Government that the weight of taxation in Canada is too great and should be reduced? If so, has the Ontario Government any suggestions as to the nature and method of such reduction?
4. It has been suggested to the Commission by the submissions of certain of the Western Provinces that the weight of taxation should be reduced by refunding of the public debt

at lower interest rates. Is the Government of Ontario of opinion that refunding would be feasible? If so, is it the opinion of the Ontario Government that a scheme of refunding should be accompanied by some form of debt control to prevent a re-accumulation of an undue burden of debt? Would the Ontario Government suggest any machinery for debt control which it thinks would be acceptable?

- (5) If a particular province finds itself financially unable to carry on, should it, in the opinion of the Ontario Government, be allowed by the rest of Canada to default, or should assistance be given to it? If assistance is desirable, in what form should it be given, and what machinery should be provided for determining the nature and manner of such assistance?

6. It was suggested in the Ontario submission that subsidies from the Dominion to the provinces form a fundamental part of the original structure of Confederation. Is it the opinion of the Ontario Government that subsidies to some or all provinces should continue to form a part of the Canadian federal structure? If so, how should such subsidies be determined? Should they be fixed or variable? Should they be determined by bilateral agreement between an individual province and the Dominion or should they be determined by some body analogous to the Australian Grants Commission? What should be the principle upon which the amount of subsidy should be determined - should it be on the basis of population, on the basis of 'fiscal need' conditioned if necessary

by safe-guards as in Australia (as has been suggested by some submissions to this Commission), or upon some other basis?

7. In the light of past experience does the Ontario Government consider that the method of conditional subsidies by the Dominion to the provinces is generally satisfactory in the Canadian federal system?

8. The Ontario submission, Part II page 35, refers to the 'inequitable tax burden resting on real estate' and states that the Ontario Government has already made a beginning in this connection. Is it thought by the Ontario Government that the application and extension of the present methods of alleviation will result in an adequate measure of relief for municipal finances and for real property owners? If not, what suggestions has the Ontario Government for further steps to relieve the burden?

9. What is the opinion of the Ontario Government concerning municipal taxation of

- (a) Government owned commercial enterprises
- (b) Government owned utilities
- (c) Government buildings, and
- (d) Other Crown lands.

10. In Part I of the Ontario submission, page 5, it is stated that there is 'gross prodigality and woeful waste in public administration' and that 'there is overlapping between the central and provincial bodies'. Would the Government of Ontario indicate as completely as possible where prodigality, waste and overlapping exist?

11. In part I of the Ontario submission, page 6, reference is made to economy in public administration. Would the Government of Ontario indicate where economies can be effected?

12. In the Ontario submission, Part I, page 8, it is stated that a vicious circle has developed under the capitalist system whereby the revenue for social services has to be raised by taxation with a resulting increase in prices and decrease in consumption resulting in unemployment and the necessary expansion of social services.

Is it the opinion of the Ontario Government that some revision of the system is, therefore, necessary? Is it the opinion of the Ontario Government that Canadian governments are supplying too many or too few social services, having regard for their cost and the measure of the present tax-paying ability of the people of Canada?

13. At page 30 of Part I of the Ontario submission it is stated that 'the need for those social services has come largely through the lack of a national economy that insures a wide distribution of the proceeds of productive effort'. It is also stated that it is necessary for the state to 'shape its policy for the profitable employment of the great mass of its citizens'. What form of national economy does the Ontario Government suggest to insure wide distribution of the proceeds of productive effort? What policy does the Government of

Ontario believe the state should adopt in order to insure the profitable employment of the great mass of its citizens.

14. To facilitate conferences between the Dominion and the Provinces, and in the light of experience at past Dominion-Provincial Conferences, what is the view of the Ontario Government of the suggestions advanced by the Nova Scotia Government that there should be annual Dominion-Provincial Conferences convened at a regular date each year, with a permanent secretariat for research, collection of statistics and to prepare agenda? Or would less frequent but regular conferences be desirable?
15. It has been suggested to the Commission that for greater flexibility in the constitutional framework provision should be made in the British North America Act for delegation or transference of legislative power from a province to the Dominion or vice versa. Does the Ontario Government believe that flexibility would so result and, if so, that it would be a desirable result?
16. Is it the view of the Ontario Government that any economies for governments and individuals would result from the attainment of uniformity in company law, securities frauds regulations, and company returns?
17. In the opinion of the Ontario Government should any alteration be made in the constitutional jurisdiction over insurance?

18. What is the view of the Ontario Government as to the inclusion in the Canadian constitution of safeguards for fundamental rights of citizenship, such as freedom of speech, of the press, of assembly, and of access to the Courts?
19. Is the Government of Ontario of the opinion that Canada should have the same power to legislate with respect to implementing international treaties and conventions under the present status as she had under her former status in respect of 'Imperial treaties'?"

(The Commission closed its Toronto sittings at 4:30 P.M. Monday, May 9th, 1938, to resume in the City of Quebec at 10:30 A.M. Thursday, May 12th, 1938)

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